FINANCIALTIMES

Tensions between Mr de

Klerk and the outgoing State

President were perhaps inevi-

table, given that Mr Botha backed a rival in leadership elections called after be resigned as party leader because of ill health. However,

party officials find it difficult to fatbom his motives in so

seriously jeopardising the pros-pects of the party he has served for 50 years.

Mr de Klerk repeatedly over the past few months. His deci-

Continued on Page 12

President Botha has snubbed

Monday August 14 1989

D 8523A

World News

Bhutto seeks to assert authority over army

Pakistan's Prime Minister Pakistan's Frince minister
Benazir Bhutto is expected
this week to assert her authority over the President and the
military, which until recently
ruled Pakistan, by removing
its most senior officer against
his and the President's wishes.

Crash bodies found Rescuers have recovered 13 bodies from the wreckage of an aircraft which disappeared last week as it flew a group including US Congressman Mickey Leland to visit an Ethiopian refugee camp. Page 4

Columbia lands The US space shuttle Columbia landed safely in the California desert after deploying what is believed to be a powerful spy satellite over the Soviet Union.

Chinese oil blaze Five people were killed and 12 are missing in a massive blaze caused by lightning at an oil depot in China's eastern port of Qingdao, national television news said.

Kohl EC prediction Helmut Kohl, the West German Chancellor, believes Hungary could be a member of the EC by the year 2000. Page 2

2.375

mm 4

Peru strike threat Peru's 70,000 miners, many earning less than \$2 a week, plan to start an indefinite strike today that threatens to cripple the country's key industry. Page 3

Norway poll pointer A poll has indicated that Norway's extreme right Progress Party could become the country's second largest political party when the nation votes on September II. Page 2

Walesa in talks Solidarity leader Lech Walesa will meet the leaders of the

United Peasants' Party and the Democratic Party, bothtraditionally pro-Communist, to discuss forming a non-Communist coalition government.

Belfast protest

Irish nationalists marched through Belfast in a protest marking the 20th anniversary of the deployment of British troops in Northern Ireland.

Assam violence

More than 150 people have died in violence involving Bodo tri-besmen in India's Assam state over the past four days, officials said. Most of the dead were women and children

Spain prison protest Prison warders in jails across Spain locked themselves up to demand protection after the mother of one of their coleagues was killed by a parcel

Balloon tragedy Thirteen people plummeted 2,000ft to their deaths when

a pair of hot air balloons col-lided over the Australian Out-

Space shot failure European space scientists failed in their third attempt to fire the rocket motor of the

ill fated Hipparcos star-map-ping satellite, casting further doubt on the \$370m project.

Four face death Four Maldivians were sen-

tenced to death for their part in an unsuccessful attempt last November to overthrow the Maldives Government, official sources in the capital. Male, said. Page 4

Spectator killed

A motor rally car crashed into the crowd near the northern Spanish city of Santander, killing one person and injuring four others. The rally was suspended.

Fast lood....

Police in Rome said more than 500 diners had their tables seized in mid-meal during six weeks of raids on open-air res-tainants which encroach too far on to the narrow streets

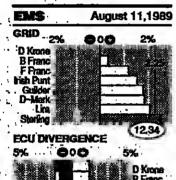
UK stores group to announce refinancing

chaired by Mr James Gulliver, should be announced by the end of this week.

Many retailers of expensive items such as furniture, car-pets and electrical goods have seen sales fall following tha rise in interest rates and slow-down in the housing market.

EUROPEAN Monetary System: The D-Mark stayed firm against its EMS partners last week despite losing ground against the dollar. The latter rose sharply on Thursday and Friday after strong demand at the US Treasury 30-year bond auction and a fall in July

range as trading continued on a lacklustre note through the holiday season.



Limit -ECU Purity - Day Pos The chart shows the two con-

based on the weakest currency in the system, defines the cross rates from which no currency (except the lira and Spanish peseta) may move more than 214 per cent. The lower chart from the "central rate" against the European Currency Unit. a basket of European curren-

FORD de Mexico is to invest \$300m over the next six months in a 25 per cent increase of capacity and the retooling of its plant in Hermo-

CORONA Corporation won the long battle for Canada's richest gold mines. The Supreme Court of Canada ruled that Lac Minerals must hand over the Page Williams mine to Corona, northern Ontario. It has estimated reserves worth between C\$3bn (\$2.56bn) and C\$4bn. Page 17

BRAZIL: Doubts were emerging over whether Brazil's lates anti-inflation initiative can win sufficient support in the two chambers of parliament. Page 3.....

THE International Swap Dealers Association secured the inclusion, in US law, of provisions that greatly enhance the enforceability of claims arising from failed swaps contracts.

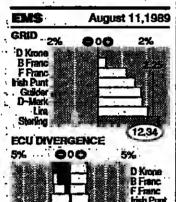
BAT Industries, tobacco-based UK conglomerate fighting a 213.5bn (\$21.6bn) bid from the Hoylake consortium, made clear that its initial defence

EUROPEAN central banks should compete to provide a stable currency for the unified **European Community market** according to the Institute of Economic Affairs in an alterna tive scheme to the monetary union proposed by the EC.

MOTOR Industry: The rate of growth in West European new car sales slowed significantly in July, but the European motor industry is still on track for record sales for

GREECE'S temporary conservative-communist administra-tion is facing a record surge in the public sector deficit and a partial reversal of recent improvements in the country's

Business Summary



straints on European Manetary System rutes: The apper grid,

gives each currency's divergence cies: Currencies, Page 24 MERGER: US partners of the accounting firms Deloitte Haskins and Sells and Touche Ros

and Co have approved a merger, the firms said. The combined firm will have 65,000 employees worldwide and revenue in 1989 of more than \$4bn.

sillo, Sonora. Page 3

Page 17

will be to stress its strengths.

CONTENTS THE MONDAY INTERVIEW

a fifth year in a row. Page 2

external balances. Page 2

Botha, de Klerk to meet amid National Party crisis confront his likely successor. Mr F. W. de Klerk, in the cli-max to a political dispute which has embarrassed the

A REFINANCING package for Lowndes Queensway, UK fur-niture and carpet retailer

The company was formed by the 2450m (\$720m) leveraged buy-out of Harris Queensway last summer.

producer prices.
Other currencies were confined to a relatively narrow

MR RICHARD DARMAN, President George Bush's budtate a further fall in interest get director, yesterday warned the Federal Reserve that high interest rates and tight money risked tipping the US economy

By Patti Waldmeir in Johannesburg

SOUTH AFRICAN President

P.W. Botha will this morning

country's ruling National Party. The Cabinet, chaired by President Botha, is due to meet

in emergency session in Cape

The row was prevoked by an announcement last week that Mr de Klerk would meet Zam-

bian President Ksnneth Kaunda ister this month Mr Botha rebuked Mr de Klerk for

By Lionel Barber in Washington

fusing. In recent testimony to

Congress, Mr Alan Greenspan, Fed chairman, said the risks of a recession were greater than

the risks of an upsurge in infla-

tion.

Even before Mr Greenspan's testimony there were signs that the Fed was easing policy, leading to a recent fall in interest rates. The tone of the Fed's Beige Book, the most wisto-date picture of the economy issued last-week, was distinctly bearish.

But Mr Darman's remarks in

television interview yester-

day were far more explicit than recant administration state-

to act more boldly and precipi-

tinctly bearish.

They also betrayed anxiety about the prospects for a "soft landing" for the US economy in which a slowdown in growth is supposed to be achieved without a recession, or a resur-gence of inflation. into recession.

Mr Darman said the Fed had

arranging the meeting, saying it did not have presidential per-

Mr de Klerk, who replaced

Mr Botha as National Party leader earlier this year, spent the weekend rallying support

the weekend rallying support for his position among fellow

Cabinet at his Pretoria residence, emerging afterwards to pose for photographs, flanked by some of the most powerful ministers. Mr de Klerk said he and his colleagues had agreed on bow to defuse the situation,

White House warns

trigger US recession

Fed caution could

He met nearly the entire

Mr Darman said the Fed had been "obsessed" with fighting inflation, rather than seeking to maintain growth in the economy, and may already have pushed the policy too far earlier this year. "If we do have a recession, it will be Mr Darman said he had talked to Mr Greenspan and had registered some concerns. But yesterday he also explicity addressed other members of the Fed board of governors, and the Federal Open Market committee, which draws on members from the US regions, saying they needed to "pay more attention to the dangers of tipping the account into have a recession, it will be because the Fed cried on the side of caution," he said.

In recent weeks, there has been mounting survey evidence of a slowdown in the US economy, although the statistical picture has been more converse in recent testiment to of tipping the economy into recession."

Turning to fiscal policy, Mr Darman continued to play down rumours that the Admin-istration might support new taxes as part of a deal with Congress to cut substantially the expected \$160bn budget def-icit next year.

icit next year.

He focused instead on curbing entitlements as a means of cutting spending. He said he would recommend cuts in the growth of programmes covering Medicare fees for doctors, assicultural support and veterative congressional proposal agricultural support and veter-ans. He rejected suggestions that there were substantial potential savings in the mili-

ments, and suggest that President Bush would like the Fed Budget talks are to resume with congressional leaders next month. Between \$30hn and \$60bn may have to be cut from next year's budget in order to comply with the hud-

but gave no further details. Political analysts said that it

appeared Mr de Klerk had suc-

cseded in rallying the Cabinet behind him, but they stressed that the outcome of today's meeting remained in doubt, noting that Mr Botha's recent

erratic behaviour made it diffi-

cult to predict how he would

respond to any Cabinet chal-

the meeting could result in a constitutional crisis if Presi-

dent Botha were to decide to sack members of the Cabinet

Party officials conceded that

order to comply with the hudget-halancing Gramm-Rudman-Hollings law.

Mr Darman said he wanted to focus on implementing this year's outline budget accord before worrying about next year. If the accord was fully carried out, that would leave only \$25bn to \$30bn to be cut next year, a figure he described.

next year, a figure he described as "manageable."

In an effort to increase pres-sure on Congress, Mr Darman said he would be prepared to accept a sequester - an across-the-board spending cut - if the budget accord was not

fully implemented.

The Administration is employed in delicate negotiations with Democratic leaders led by Mr Dan Rostenkowski, chairman of the Ways and Means committee, to enact a cut in the capital gains tax. Mr Rostenkowski, bowing to pres-sure from renegade Democrats on his committee, has come up with, a compromise which would abandon taxation on the

tive congressional proposal which cut the capital gains rate for two-and-a-half years only, but he thought the Ros-tenkowski compromise also had merit

believe. The September 6 elec-tions already present the rul-ing party with its most serious challenge in 40 years in power **Progress** on global securities regime

By David Lascelles, Banking Editor, in London

– or even Mr de Klerk himself

- over the issue. They

suggested that any dismissals

might in turn provoke the mass resignation of the Cabi-

net in protest.
The resignation of the State
Presideot himself could not be

Resolving the dispute will be essential if further electoral damage to the National Party

is to be prevented, analysts

FINANCIAL regulators in several leading Industrial countries are preparing to take the first step towards establishing a global regime

for the securities industry.

After two years' work, they bave agreed on a common approach to assessing the capital adequacy of firms which deal in the securities markets. They have also agreed on the need for national authorities to swap more information to monitor the growing interna-tionalisation of the securities

Their agreement, to be unveiled next month, should mark a milestone in the drive to increase the effectiveness of international regulation and bring greater consistency to leading financial markets. The move follows calls from governments and regulatory authorities for a supranational approach to securities mar-kets, in parallel to that used by banking supervisors.

The initiative is coming

from a working party at the International Organisation of Securities Commissions (Iosco), the Montreal-based group of official securities regulators. The working party comprises representatives rom the 12 countries with the largest securities markets, headed hy Mr Jeffrey Knight, chief executive of the International Stock Exchange in Lon-don. It also includes smaller countries with well-developed

securities industries.

The agreement will be put forward for debate at Iosco's annual conference in Venice next month. Details of the agreement are being kept under wraps until then. Continued on Page 12

Illustration: H. Edelmans



A family hides underground in Moslem West Beirut yesterday amid continued shelling between Syrian and Lebanese troops

Christian stronghold stormed by Syrians

By Lara Marlowe in Damascus and George Graham in Paris

and recent evidence of confu-sion and unseemly behaviour

by politicians could prove a political windfall for the par-

ty's opponents.

Mr de Klerk's future stature within the party may depend on his success at asserting his

authority in the present dis-pute. He has raised high expec-

tations in the West over his plans for reforming South

Africa's apartbeid system of

racial segregation, expecta-

leader who lacks the support of

his own party.

SYRIAN troops and their allies launched the first ground offensive in five months of fighting in Lebanon yesterday when they attacked a Christian stronghold overlooking Beirut,

but the Christians said the attackers were repulsed. The Infantry and tank assault on the Christian enclave came after four days of particularly ferocious artillery duels which have killed about 70 people, wounded 400 and prompted renewed international calls for a truce.

France, which created modern Lebanon after the First World War, launched a new diplomatic initiative over the weekend aimed at raising international awareness of the gravity of the situation. More than 600 Lebanese have been killed since March when

Gen Michel Aoun, the Chris-

tian leader supported by Iraq.

embarked on a campaign to drive some 40,000 Syrian troops

from the country. Much of Beirut is in ruins and hundreds of thousands of its inhabitants have fled.

Gen Aoun's forces said yes-terday that they had repulsed an assault on the Souk el-Garb ridge by the Syrian army's 41st regiment and Syria's Druze and other allies, supported by T-62 tanks. The attackers said they had

gained control of some terri-tory, but Mr Walid Jumblatt, the Druze leader, cancelled a scheduled news conference at which he had been expected to announce the capture of the This is a sterling victory,"

said Gen Aoun said on the Christian Voice of Lebanon radio. "The Syrian enemy and its surrogates have been dealt

a crushing defeat."
Mr Nabih Berri, head of the Continued on Page 12 Aonn's offensive; Risky French initiative, Page 4

UK retail sales growth stalls as interest rates start to bite

By Ralph Atkins and Peter Norman in London

THE IMPACT of high interest rates on British consumers is starkly illustrated today by a aurvey showing retail sales growth nearly at a standstill last month.

Sales volumes in July were scarcely higher than a year before, the Confederation of British Industry-Financial Times distributive trades survey indicates. That almost negligible rate of growth was far

ligible rate of growth was far lower than in any month since the survey began in 1983.

Although there were exceptional factors, the results suggest that the Government's high interest rate strategy has succeeded in knocking the momentum out of consumermomentum out of consumer spending. With a slowdown an essential part of the Treasury's anti-inflation policy, the results are likely to cheer financial markets.

However, the slowdown may have been exaggerated by very hot weather and transport strikes. Both are likely to have discouraged shopping - particularly for high-price consumer durables such as televisions

and washing machines. Comparisons with July 1988 are also difficult because sales then were exceptionally high. Of 310 retailers replying to the survey, 43 per cent said

World Guide

sales in July were higher than a year earlier. But an almost equal number - 41 per cent - said sales were lower than a

year before.
Mr Nigel Whittaker, chairman of the survey panel, said: "With retail sales growth at its slowest rate in the survey's six-year history, there is no justification for any further tightening of monetary policy, which would only increase the risks of tipping the economy into recession or a hard land-

official figures for retail sales in June, published last week, showed a 23 per cent fall compared with the previous month. Provisional figures for July are due later today. The consensus of analysts' forecasts is that they will show little change from June. A welter of official statistics

this week should provide a bet-ter insight into the progress of Britain's economic slowdown and its impact on inflation. Producer price indices for July, which will also be published today, should show whether the slowdown in demand is constraining the rise in industry's output prices. On Friday, publication of the

retail price index for last

month may provide evidence

Philippe Starck is one

computers for Commo-

dore and luggage for

Louis Vultton. He is a

beneficiary of the cul-

ture of conspicuous

consumption.

Editorial Comment ...

Page 28

Currencies ..

2.3 Crossword

of the world's most

designers, whose

work encompasses

successful industrial

fifth record year.

cuts a fine dash

Monday Page .

be in tha EC by year 2000 ...

toxic waste controversy

A decade of privatisation

materials; formula shares.

to support the view of Mr Nigel Lawson, the Chancellor of the Exchequer, that retail price inflation has peaked. Mr Lawson made that claim a month ago after the June fig-

ures showed the annual rate of retail price inflation unchanged at 8.3 per cent. The index figure is, however, unlikely to calm fears that underlying inflationary pres-sures remain in the pipeline. Average earnings figures for June, due to be published on Thursday, may show a slight acceleration in the annual rate

to 9.5 per cent from 9.25 per cent in May.

More recently, a series of public sector pay settlements, culminating in last week's 8.8 per cent award to local government workers, has prompted fears of a wage-price spiral that could lead to higher inflation and, ultimately, to rising

unemployment. The news that Harrods, the London department store, has made 15 of its senior executives redundant has raised the spectre of joh losses in the retail sector.

The CBI-FT survey ahows that among motor traders, sales were weak in July. Expectations for August were

Car sales: European motor industry heads to:

Bonns Chancellor Kohl believes Hungary could

Britains Patten returns to face rising tide of

Managements Textiles - Japanese "slik" that

Editorial comments Containment not enough;

Keeping dreams under control: Lord Wein-

stock comes close to achieving his ambition 11

Lex: Wall Street looks before leaping; building

UK Gins _

US Bonds

26 Weather.



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Surge in Greek public sector deficit Opinion

GREECE'S GREECE'S temporary conservative-communist administration is facing a record surge in the public sec-tor deficit, and a partial rever-sal of the improvements of recent years in the country's external balances.

Mr Tzannis Tzannetakis, the Prime Minister, discussed the economy with the leaders of the two governing parties -his right-of-centre New Democracy Party and the communist Alliance – at a meeting on Friday, but no decisions were taken on Bank of Greece proposals to head off the crisis.

This year's public sector bor-

EUROPEAN central banks

should compete to provide a stable currency for the unified

European Community market. This idea is put forward in a study by the institute of Economic Affairs as an alternative to the EC's long-term aim

of monetary union.

Mr Geoffrey Wood, Profes

sor of Economics at the City University, says that EC citi-zens should be allowed to choose to do their transactions

in whichever currency was the

most attractive.
"It would be rash to argue

that one would quickly be able

to pay for a newspaper at a corner news-stand in London

with any EC currency," he says. "But the use of more sta-ble currencies for large trans-

actions and for the holding of

a stock of 'readily available

purchasing power' could

Mr Wood points ont that competing currencies are

already fairly common in the US along the Canadian and Mexican borders. He says gov-

ernments can increase their

revenue from money creation if more people are willing to hold it. Thus countries with an

attractive currency would be

able to cut taxes or increase

government spending.
Whose Europe? Competing visions for 1992, IEA Readings 29, £6 plus 50p p&p from IEA, 2 Lord North St, London SWIP

EC currency competition

suggested

By David Lascelles

rowing requirement is estimated by the Bank of Greece at Drs 1,900bn (27.2bn), or 22 per cent of GDP. According to banking sources, the final figure for the 1989 PSBR may be as high Drs 2,500bn — in proportional terms a level virtu-ally without precedent among OECD states.

Meanwhile the visible trade

deficit for the first half of the year was up 7 per cent on the corresponding 1988 period at \$4.27bn; and the current-account shortfall was up nearly 12 per cent at \$1.54hm.
The Bank of Greece is studying some specific measures to finance the deficit, including

BULGING with Belgians, thronging with Frenchmen, bereft of the British

That caricature of the Ruro-

pean Commission - or to be

more precise, the national background of the 10,000 or so

Eurocrats who work there -may no longer be appropriate

Yet more than 15 years after UK entry into the European

Community, the relatively low proportion of British-born civil

servants in key posts inside

the Brussels executive is still giving cause for concern.

Strictly speaking, of course, Eurocrats are meant to for-

swear national allegiance and

work towards the common European good – hut as Ms

Sue Binns, deputy head of cabi-net to Mr Bruce Millan, the junior British Commissioner,

observes: "It is important that there should be a broad mix,

roughly in proportion to the relative size of the member

"Drawing np proposals in the Commission is inevitably the first stage of a shaking-down process that goes on in

an effort to overcome national

differences, and the different national viewpoints ought to

be properly understood".

The problem for the British lies not at the top. The number

of Commissioners is shared out on a pro rata basis - one for small countries, two for the

large - while the so-called

directors general (heads of department equivalent to a UK

Permanent Secretary), are also

appointed more or less along

the issuing of new Treasury hills and honds with higher interest rates than the present

with average banking lending rates at 22 per cent and inflation running just above 14 per cent, the Bank of Greece is concerned to find ways to make new Treasnry hills attractive enough to sell not only to banks but also to corporations and to the public at

large.
The central bank is also keeping open the possibility of a new foreign loan to me amortisation payments and keep foreign exchange reserves topped up. Reserves stood at

Brussels bereft of Britons

The trouble lies further down the ladder in the key

Administrative A grades, where there is no formal quota

system and where, despite some notable successes by Brit-ish applicants in the past four

years, the British contingent is still significantly "under-

The low

proportion of

servants in key

posts in the

is still giving

cern, writes

Tim Dickson

cause for con-

British-born civil

Brussels executive

The edition of the Official Journal of the European Com-munities for December 27 last

year illustrates the situation. It

listed 322 British A grades,

compared with 394 Germans,

373 Italians and 458 French-

In the key A3 post (typically head of division) where many

key decisions are made, there

were 39 UK representatives, 51

Germans, 47 Italians and 51

French. At A4, the position last December was 72 British, 141

Germans, 133 French and 137

Italians. Even Belginm was

better represented than the

\$3.58bn at the end of June, compared with \$3.75bn a year earlier.

earner.

Greece's total foreign public and publicly-guaranteed deht now stands at \$17.3bn, excluding defence credits — a level which does not, as yet, give rise to concern, bankers say. New Democracy hlames the economic impasse on the profiligacy of the previous Socialist administration, ousted after inconclusive general elections in June

in June. The right-of-centre party has pledged to prune the public sector if it wins the new elections now scheduled for

UK, with 73.

While the problem can be traced right back to the early days of British membership.

and inadequate efforts to tackle it since, notably in the

1970s, the consensus of those involved is that it will only be

solved by boosting British

British Commissioner, confirm similar Foreign Office findings

that there is no particular bias against British candidates for

There is just a shortage of

heen advanced are the poor

image of the Commission in

Britian, the lure of attractive job opportunities in the City of London (notwithstanding Brus-

sels' reputation for tax-free sal

aries and generous perks), and the mismatch of "generalist"

British candidates with the specialist posts often on offer

A senior British diplomat in Brussels yesterday said that the problem "goes back a long way", but insisted that the sit-

uation has been improving. He indicated that the prob-

lem was not thet candidates

were unable to pass the exams but was one of finding enough

applicants and getting those

who qualify into suitable jobs.

"We would never press the case of a second-class British

candidate against a first-class

alternative from another country, he added.

in Brussels

Among theories which have

Evidence recently collected jointly by Ms Bluns and her opposite number in the cabinet of Sir Leon Brittan, the senior

poll boosts Norway's far right

By Karen Fossii in Oslo

that Norway's far-right Prog-ress Party could establish itself as the country's second largest political party when the nation votes in the general

election on September 11.

The poll saw the opposition
Conservative Party slide by 1.8
percentage points to just
below 20 per cent, its lowest
level since 1975. The Progress Party, which has just two seats in the Storting (parlia-ment), could capture around 20 per cent of the vote, according to the poll, giving it 25 seats — much the best score by the rightist group since its formation in 1973.

The continuing high level

support of the party, led by the charismatic Mr Carl Hagen, threatens to break up the consensus on political and social issues that has marked post-war Norwegian politics.
In her opening campaign speech in the small town of Halden on the Norwegian-Swedish border, Mrs Gro Harlem Brundtland, the Labour Prime Minister, made it clear

her main opponent.

Launching a political offensive against the party, she accused Mr Hagen of threatening to break up the social "sol-idarity" enshrined in Norway's welfare system and of undermining social values.

that the Progress Party was

Mr Hagen's first campaign speech was devoted to an attack on the "parasites" of the welfare state. According to the latest poll,

support for the minority Labour Party increased by half a point to 32 per cent in August. Its backing has held up strikingly well in view of the unemployment level, which reached a post-war record this summer At the beginning of this

month, the number of jobless rose to 82,600, or 4.2 per cent, despite pledges by Labour to keep it below 30,000. Last week Mrs Brundtland

said her government would not resign immediately even if Labour lost the election. She believes the right-wing opposition parties stand little

chance of uniting to form an alternative administration.

Kiszczak seeks Walesa talks

POLISH Prime Minister Gen Czeslaw Kiszczak said at the weekend he wanted talks with Solidarity leader Lech Walesa on the country's political cri-sis, but still wants a Communist-led "grand coalition" with

Solidarity plans one-hour strikes this week in three regions, including the coal-



Hungary may join **EC by 2000 – Kohl**

By David Goodhart in Bonn

MR Helmnt Kohl, the West German Chancellor, believes Hungary could be a member of the European Community by the year 2000.

In an interview with Bild am Sonntag published yesterday, he said: I believe that by the turn of the century other countries will have joined the EC, such as Austria, and possibly also countries from the East Bloc such as Hungary." The West German govern

ment now seems certain to support Austria's application for membership despite the complications over the country's neutrality. Last week the Soviet Union made it clear it had strong reservations about Austria's entry hid. On domestic policy, Mr Kohl

promised a firmer grip over his own party in the 15 months before the next election and said he believed the far-right Republican Party would not clear the 5 per cent mark required for Bundestag representation at the next election In another interview with Stoltenberg, the Defence Minister, said a reduction in the strength of the Bundeswehr, the West German armed forces,

was possible in the light of

progress in the Vienna talks on conventional disarmament.

Although the Bundeswehr is supposed to have 495,000 men-under arms it actually has about 460,000, and many offi-cials in the Defence Ministry believe it will soon fall to 400,000 or 420,000 regardless of developments in Vienna. Some 40 years ago today the Federal Republic of Germany conducted its first national election. A higher-than-expec-ted 78.5 per cent of the poten-tial electorate voted after a

ple to the ballot box.

The CDU/CSU got the highest share of the vote - 31 percent of all eligible voters, compared with the SPD's 29.2 per cent. The CDU/CSU took 139 seats in the first Bundestag; and the SPD 131. The Free Democrats polled 11.9 per cent and the Communist Party 5.7

concerted campaign to get peo-

per cent. The Times of London wrote: "The occupying powers feel like a father who has allowed his 18-year-old son out for the and the house key. The father is worrying about what the son is going to do out there and in what condition he is going to

its market share has declined

to 2.8 per cent from 3.2 per cent

a year ago. Mercades-Benz sales have

Serbs defy ban to rally in support of Milosevic

ABOUT 50,000 Serbs defied authorities in the central Yugoslav republic of Bosnia to rally yesterday in support of their controversial leader, Mr Slobodan Milosevic, Reuter

Slobodan Milosevic, Renter reports from Bosnia.

They came from across the country in thousands of cars and bases for the consecration of a Serbian Orthodox monastery, but the event took ou political overtones amid intensifying quarrels between Yugoslavia's republics.

Bosnian authorities had yowed to crack down on any

vowed to crack down on any attempts to politicise the event and had banned Serbian flags, pictures of Mr Milosevic, and banners than minosvir, and banners champloning bim. But the police stood by as thousands of Serbs poured in carrying Mr Milosevic's pic-tures and other Serbian sym-

hois.

Mr Milosevic, the leader of almost 9m Serbs out of the country's total population of 23m, is feared outside Serbia, the largest of Yugoslavia's six republics, as a strongman who wants to impose himself on the entire country.

Czech groups plan protests

Six independent Czechoslovak groups have announced peace-ful marches and silent protests for the 21st anniversary of the for the 21st anniversary of the 1968 invasion to voice their desire for "freedom, democracy and human rights", emigres reported at the weekend, AP reports from Vienna.

The six independent groups said many activists had decided to express their political views by walking peacefully through the centres of

fully through the centres of towns throughout Czechoslovakia on August 21.

But the independent Czech haman rights movement Charter 77 warned that the authorities could provoke distur-bances and that police would make "brutal assaults".

Azerbaijanis in strike call

Thousands of Azerbaijanis gathered at the weekend in their capital of Baku and called for a warning strike if the authorities failed to meet their demands, activists said, agencies report from Bakit. Azerbaijani People's Front demands at the mass meeting that included the removal of Soviet troops from the disputed territory of Nagorno-Karabakh, Moslem activist Mr

Almaz Yestekov said.

If the government does not respond, the People's Front will declare a strike today in Baku and call another protest in the evening, Mr Mamedgassan Gambarov, a front mem-

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ber, said. Shia Moslem Azerbaijan has been embroiled in a dispute with mainly Christian Armenia over control of the Nagorno-Karabakh region. Nagorno-Karabakh is part of Azerbaijan, but its population is predominantly Armenian, and Armenia wants to annex

The dispute has exupted into violence several times in the nest 18 months

Move to boost Soviet grain

Soviet authorities have set relatively easy targets for collec-tive farms in an experiment designed to increase grain pro-duction by paying for excess crops in convertible currency, wrote Trud, the trade union paper, yesterday, AP reports from Moscow.

Form moscow.

Forms will be paid in dollars
and other world currencies for
any high-quality grain they
produce above their average for 1981-85. The Soviet Union produced an average of 180m metric tons of grain during that period, far less than the 210-211m metric tons in the record years of 1986 and 1987.

Authorities hope to stimulate domestic grain production

enough to reduce purchases of grain on the world market. Farms will be allowed to spend their hard currency as they wish to obtain Western combines, food-processing equipment and other items, the newspaper said. It was not clear if the farms could choose to buy consumer goods.

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Dusseldorf, October 9-14, 1989

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European motor industry heads for fifth record year

By Kevin Done, Motor Industry Correspondent

THE rate of growth in West European new car sales slowed significantly in July, but the European motor indostry is still on track for record sales for a fifth year in succession. According to industry esti-mates, West European new car ales were virtually unchanged in July at 1.008m, an increase of 0.4 per ceot from the correspooding month a year ago.
For the first seven months, sales were 5.6 per ceut higher

than a year earlier at 8.293m, and sales for the full year could exceed 13m for the first time, despite industry forecasts that demand will weaken in the second half of the year. Evidence for a slow-down in demand is growing, however, and in July sales were lower than a year ago in 11 out of 17 European markets, including

West Germany, the UK, Fin-land, Denmark, Belgium and Luxemhourg, the Netherlands, Norway, Portugal, Sweden and Switzerland.
Overall, sales remained vir-

tually unchanged, because of continuing growth in France, Italy, Spain, Ireland, Austria and Greece. For the first seven months of the year, sales were still higher than a year ago in 11 markets, including all five major volume markets - West Germnay,

Italy, France, the UK and Spain.
The Volkswagen group of West Germany, which includes Audi and SEAT, is beginning to shorten the traditional early lead established by Fiat of Italy, which includes Lancia, Alfa Romeo and Ferrari, and appears set to bead the Euro-

pean sales league for the fifth year in succession. According to industry esti-mates, Volkswagen led the market in July with a stronger growth in sales than any of the other big six volume car mak-

For the first seven months, the VW group captured around 15.1 per cent of European new car sales, compared with the 15.8 per cent claimed by Fiat. The main losers in the European market are Mercedes Benz of West Germany and VW group sales have been Rover Group of the UK, a sub-sidiary of British Aerospace. Rover sales are estimated to have fallen by 5.7 per cent in the first seven months, while growing more quickly, how-ever, with a 7.8 per cent se in volume compared with the estimated 6.1 per cent increase in Fiat group sales. General Motors of the US (Opel and Vauxhall), has achieved the fastest sales vol-

ume growth this year, with an increase of 8.8 per cent, and is closing the gap on fourth-placed Ford. While several of the Japa-nese car makers have recorded lower sales in Europe this year, Nissan, the second larg-est Japanese car maker and the leading Japanese marque in Europe, has increased its

sales by an estimated 8.3 per cent boosted by growing out-put from its UK assembly

fallen by 4.7 per cent, in part because of an estimated 12.2 per cent fall in West Germany, where it has been hit by sharply declining diesel car Its performance is in strong contrast to BMW, its arch domestic rival, which has increased its sales volume by 15 per cent in the first seven months - the biggest jump achieved by any car maker in Europe this year.

WEST EUROPEAN NEW CAR REGISTRATIONS Jenuary-July 1989

	(cutta) .	countrie (3r)	SHIELDIN AN	488-701 08
TOTAL MARKET	8,293,000	+5.6	100.0	100.0
MANUFACTURERS:				
Flat [incl. Lancia & Alfa Romeo)	1,294,000	+6.1	15.6	15.5
Volkswagen (incl. Audi and Seat)	1,255,000	+7.8	15.1	. 14.8
Peugeot (including Citroen)	1,074,000	+7.5	18.0	12.7
Ford	930,000	+5.8	- 11.2	. 11.2 .
General Motors (Opel, Vauxhall)	867,000	+6.8	10.8	10.5
Renault	851,000	+5.9	10.3	10.2
Mercedes Benz	268,000	-4.7	3.2	3.5
BWW	243,000	+ 15.0	2.9	27.
Nissan	237,000	+8.3	2.9	2.8
Rover Group	235,000	~5.7	2.8	3.2
Toyota	203,000	-2.5	. 24	2.6
Volvo	169,000	-0.4	. 1.9	2.0
Total Japanese	873,000	+ 1.0 -	10.5	11.0
MARKETS:				
West Germany	1,784,000	+29	21.3	21.8 .
italy	1,582,000	+9.2	18.8	18.2
United Kingdom	1,247,000	+7.7	15.0	14.7
France	1,348,000	+6.9	16.3	16.0
Spain	717,000	+ 10.3	8.6	8.3

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Congress may not back Brazil inflation move

By Ivo Dawnay in Rio de Janeiro

DOUBTS were emerging at the weekend about whether Brazil's latest anti-inflation initiative, launched by congressional leaders less than two weeks ago, can win sufficient support in the two chambers of parlia-

President José Sarney has promised to table legislation enacting a number of the 30odd measures this week.
Among them are plans to privatise is state-owned companies, closures of government agencies and the purely symbolic gesture of the sale of ministerial mansions in Brasilia. But some analysts now say a head count of congressmen suggests majority support could be in doubt. Left-wing parties have hoycotted the package and many other depu-

ties and senators are away from the capital, raising support for candidates in November's presidential elections.
Critics of the hurriedly announced proposals say the leaders of the two chambers. Senator Nelson Carneiro and Deputy Paes de Andrade, failed to take adequate soundings among their colleagues before announcing the initiative. There is also expected to be

considerable opposition in Con-

groups

TESTS

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gress to the sale of profitable state-owned companies, such as Usiminas, a successful sub-sidiary of the heavily indebted steel making group, Siderbras. With price rises now at about 30 per cent a month, pressure has been mounting on the gov-ernment from all quarters to introduce new austerity measures aimed at cutting its bud-

get deficit.

Many fear it will be hard to
keep the inflation rate below 50 per ceut a mouth by the November 15 elections.

Mr Sarney's close advisers are said to have warned him that, if he does not act now, he may be forced to follow President Raul Alfonsin of Argentina and hand over power to his successor early.
Officially, the new president
will be inaugurated on March

15, hut there is widespread speculation that this might have to be brought forward to the beginning of January if inflation is out of control. Those sceptical of any serious action hy Congress have noted that, while Mr Sarney is offer-ing to sell ministers' marsions, both Seu Carneiro and Dep Andrade have hesitated to give up their grace-and-favour offi-cial residences.

Canada forced to stop looking on the bright side

Even the optimists can see the slowdown lurking in the latest economic figures, writes David Owen

OR at least seven quar-ters; Canadian econo-mists have admonished Mr Michael Wilson, Finance Minister, for being too optimistic in his economic forecasts, and have projected that the country's lengthy spell of robust growth - entering its seventh year - was poised to

splutter. So far, they have been con-sistently and comprehensively wrong. According to revised figures released recently by Statistics Canada, real Canadian gross domestic product surged by 4.5 per cent in 1987 and fully 5 per cent last year. This axpansion was half a point faster, in each case, than

At first giance, figures covering the 1989 first quarter suggest that the unblemished record has been maintained.

Real GDP advanced a further 0.9 per cent. This is just 0.1 per cent below the average rate of quarterly growth recorded in

On closer inspection, however, the last batch of statistics really did contain strong pointers that a significant slowdown or even a recession - is on

the way.

Even optimists such as Mr
William Mackness, dean of the
Management Faculty at the University of Manitoba, allow that the first quarter figures are indicative of "some modest

slowing". Mr Mackness uoue the less expects continuing deregulation and the impact of the US-Canada free trade agreement to keep the expansiou going for a year or two

Less saugnine observers believe that they could herald a pronounced downturn beginning later this year. "I think that we may now see e recession in the last quarter," says Mr Jeffrey Rubin, senior economist with Wood Gundy, the Toronto investment dealer.

There are several reasons not least a recognition of the unusual longevity of the present business cycle — to explain why an ostensibly positive set of figures has been greeted so degrandently. One third of the first-quarter

advance accrued from a statistical adjustment made to reflect the expectation that Canada's grain crop will he back to normal this year after last year's drought. Excluding this effect, first-quarter GDP growth would have been a more pedestrian 0.6 per cent.
The other main elements
which helped to keep the economy buoyant were a 3.5 per cent increase in residential construction and a further 2.8 per cent acceleration in the pace of husiness investment. This has now climbed 12 per cent in real terms in the space

But there is evidence to sug- vate industry spending 13.6 per gest that both of these engines are faltering. By May, housing starts had fallen by 15 per cent cent more than last year, with a strong increase in investment by the manufacturing

There are several reasons - not least a recognition of the unusual longevity of the present business cycle - to explain why an ostensibly positive set of figures has been greeted so despondently

on an annualised basis from the 1988 total of 223,000.

Business investment has been climbing strongly since 1987 and may now have

reached saturation.
A recent CanaData survey indicated thet construction of industrial plant in the first five months was down a sharp 33 per cent from year-earlier levels, although office construction was up 13 per cent.

Abundant corporate restructuring in response to fundameu-tal structural changes such as those enshrined in the trade deal make this something of e wild card, however.

A survey of investment intentions released last week by Statistics Canada shows pri-

If optimists like Mr Mackness are proved correct in their surmise that the current cycle is not yet spent, further unex-pected husiness investment may have e lot to do with it. Any downtrend in such investment would at least act as e stimulus for Canade's dwindling merchandise trade surplus, owing to the high proportion of machinery and equipment which has to be

The surplus fell to an eight-year low of C\$129m in April. Faltering exports stemming from deteriorating terms of trade and poor US car sales were also partly responsible. In addition, the first quarter saw a decline in consumer spending, an increase in savings and a huild-up of inventories.

Cousumer spending rose only 0.4 per cent, with durables such as motor vehicles and parts the most depressed category. Something of a rebound is foreseen for the second quarter as taxpayers spend their

Thereafter, the effects of April's leaked hudget will start to be felt. Disposable income will be reduced by higher income taxes, while the sales tax rises will erode purchasing

The savings rate increased to 11 per cent – still low by fru-gal Canadian stendards – from 9.9 per cent in the preced-ing quarter. "We have heen arguing that a rebound in the savings rate from last year's 15-year low would be the sign that a downturn was comingl," says Mr Rubin.
The increment is at least

welcome in the context of Can-eda's C\$30bn federal budget deficit, however. This has had to be financed increasingly in recent years with foreign money

The bardening conviction that the long-awaited slowdown is nigh has prompted a crescendo of demands for lower interest rates. The Bank of Canada's bank rate stands at 12.4 per ceut, baving held remarkahly steady in receut

At first, this conviction was largely confined to labour lead-ers and provincial premiers concerned that efforts to cool the red-hot Ontario economy were stifling growth in their own jurisdictions. Then the all-party Commons finance committee and at least one bank economist added their voices to the chorus.

But at a recent Bank of Canada board meeting, the bank's governor warned of the underlying pressures on infla-tion" in the Canadian econ-omy, saying it was at "en

important juncture". He underlined his concern about expectations of increas ing inflation becoming built into economic behaviour", and said the central bank's monetary policy actions had "necessarily remained cautious". pressures on short-term inter

est rates. The US Federal Reserve has recently indicated its concern about the dangers of recession in the US economy over those of inflation, with successive easings in the Fed Funds rate, followed by a decline in the prime rate.

But in Canada, with inflation rising to 5.4 per cent in June, it remains far from certain that the bank's governor will respond similarly.

Peruvian miners' threatened strike may cripple industry

week, plan to start an indefi-nite strike today that threatens to cripple the country's key industry, Reuter reports from

The miners' strike for better vages is the latest in a wave of labour strife facing President Alan Garcia, already grappling with a leftist guerrilla insur-geucy that has killed 15,000

people this decade.

Mining is the backbone of the Andean nation's economy. Mining Society rejects it and has gone to court to stop the government putting it into half of Peru's export earnings. and most large companies are

member Miners Federation last year started slowly but grew to paralyse the mines. devastating Peru's exports.
The miners' demands are

basically the same as last year - wider collective bargaining rights and better wages and benefits - hut miners say their economic plight has wors-The weekly wage for many

miners is less than the price of e kilo of meat. We earn barely enough to subsist;" Miners' Federation human rights secre-tary Vicente Evangelista said. Officials at mining compa-

nies concede that wages are low hut say most companies provide free housing, schools and health care for miners in their remote mountain vil-For the past week, the com-panies have repeatedly used

radio advertisements to exhort

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workers to ignore the strike.

"Miner, your family useds you. Don't let them stop Peru from working," says one of the least 25 per cent this year, messages paid for by the Min-local economists say, and ing Society, a business group workers are getting restless.

PERU'S 70,000 miners, many erate support in its first days, earning less than-\$2 (£1.25) a But it could spread and if it continues for several weeks it might cripple the industry.

"Our fear is that it could

become like last year's strikes. If it drags on, pressure will grow on non-strikers to stop working," said a labour relations manager at one company.

"The final impact will depend on how long it lasts." Mr Garcia's government accepts the miners' list of demands in principle. But the Mining Society rejects it and

Strikes are spreading at a ppears to be faltering again.

Doctors, refuse collectors, bank workers and court clerks have all stopped work this month to demand the government step in to bring wages in line with four-digit annual inflation: Other sectors have called strikes for later this

> "Labour federations threaten to paralyse banks, close schools, stop mining produc-tion and paralyse agriculture in the Andes. All these actions only help to speed the collapse of the country's social and eco-nomic life," said the conservative newspaper Expreso in an editorial on Saturday.

again after Mr Garcia's govern-ment managed to cut it in half from nearly 50 per cent a month early in the year. Exports rose sharply in the first half of the year, but a

successful miners' strike could erase the gains. Real wages have fallen at

representing most companies.

Many companies have using tear gas and water canoffered generous bonuses for workers who ignore the strike, daily marches by workers demanding wage increases in expect the strike to draw mod-

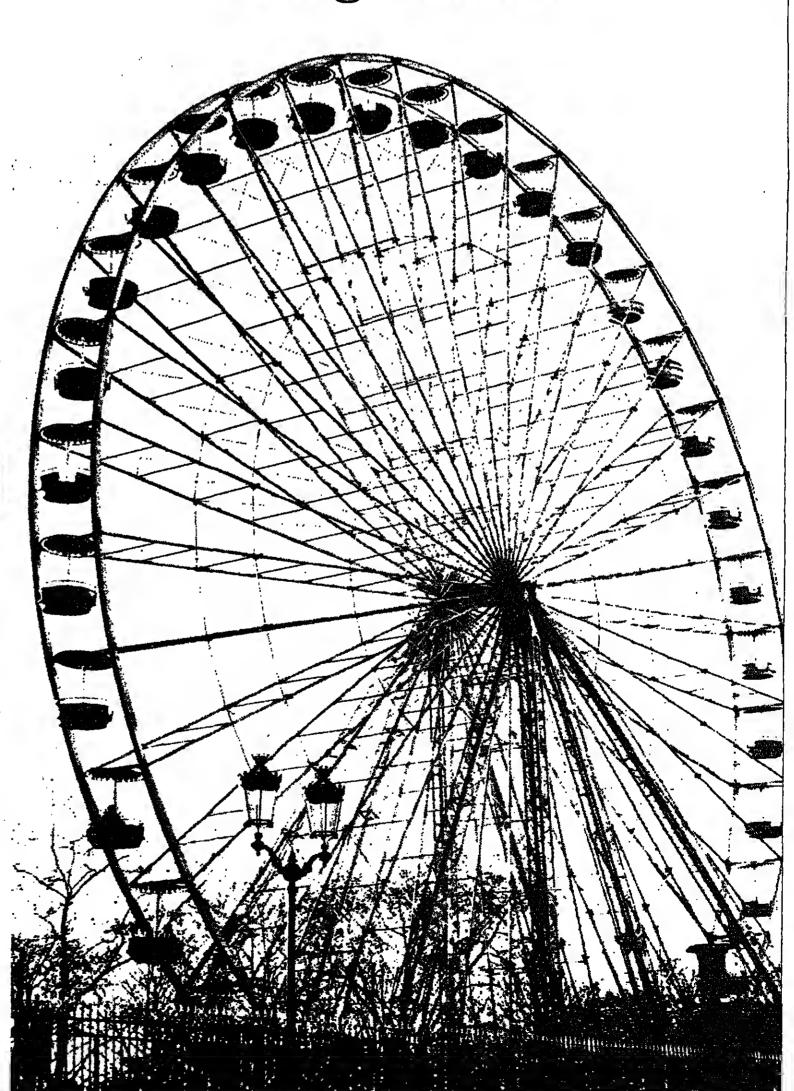
You need a big wheel for a grand view.

Since camcorders must be compact, conventional units normally use a cylinder with a small radius for playback and recording. But Hitachi remain committed to the grand view. So they put in a big 'wheel' for a. richer, more complete picture of the real world.

lo find the space in a camcorder for the full size cylinder, parts had to be reduced by 30 percent. This dramatic reduction demanded true interdisciplinary technological expertise. Hítachi's hybrid IC design and manufacturing capabilities were essential. Equally vital were expertise in mechanical devices, in macro and micro level electronics, and the ability to flawlessly integrate these technologies for a specific target.



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Ford to invest \$300m in retooling Mexican plant

By Richard Johns In Mexico City

FORD DE MEXICO is to invest \$300m (£190m) over the next six months in a 25 per cent increase of capacity and the retooling of its export-oriented plant in Hermosillo, Sonora.
Its project is one of five recently approved and announced by the Ministry of

Commerca and Industry Ford's capacity is to be raised from 135,000 to 165,000. The plant is being retooled to

produce the Mercury Tracer 1991 model, primarily for the US and Canadian markets. Re-adaptation of the plant will involve it being closed down for about six months but there will be no lay-offs. The existing labour force will take part in the retooling and

undergo retraining. Ford says that the increased output capacity will create 750 jobs directly as well as many others in component plants. A company spokesmau, Mr Nicholas V Scheele, said that Ford had invested nearly \$2bn in Mexico over the past eight years. The Hermosillo plant was inaugurated at the end of

Ford has another motor assembly facility at Cuautitlan as well as engine-manufacturing plants at

Hermosillo. Ford is the third-largest vehicle producer in Mexico after Chrysler and Nissan, with nearly 19 per ceut of the market.

In 1988 the company almost doubled sales from 38,972 to 61,718 and in the first quarter of this year they were 15 per cent up on the same period last

Among the other projects which have been approved, Celulosa y Papel is to build two plants for producing paper and furniture. Mahe/Leiser, au electrical appliance manufacturer, is investing \$100m in the manufacture of gas cookers destined for the US

market. Procter and Gamble is to spend \$26m to launch two new products, disposable nappies

and sanitary napkins. Secofi says that investments worth \$3.338bn have so far been approved this year, compared with a total of \$3.15bn for the whole of 1988.

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Aoun's offensive brings Lebanon battle to crisis

Bhutto set to assert authority over army

By Christina Lamb in

PAKISTAN'S Prime Minister Benazir Bhutto is expected this week to assert her authority over the President and the military, which until recently ruled Pakistan, by removing its most senior officer against his and the President's wishes.

Admiral Sirohey, the Chairman of Joint Chiefs of Staff Committee (CJCSC), took over this position last year after the death of President Zia ul-Haq in an air crash.

The tenure of CJCSC is three years which would take Admiral Sirohey up to 1991, but Ms Bhutto is understood to argue that his three years as admiral

expires today. Admiral Sirohey, a hardlines close to General Zia and the present President Ghulam Ishaq, does not wish to leave, and the President are said to have "hit the roof" when Ms Bhutto's Law and interior Min-isters approached him on the subject. Under the Elghth Amend-

ment which was added to the constitution by Gen Zia in 1985, and which Ms Bhutto's Pakistan Peoples Party (PPP) government are desperate to remove, but do not have the parliamentary majority to do so, the appointment of service chiefs lies with the President. However Ms Bbutto says removal is with the Ministry of

Defence, which she heads.

If Admiral Sirobey removed, the post should in theory go to General Aslam Beg, Chief of Army Staff. However Gen Beg's position, though less senior, is in fact more powerful, having all the corps under his command.

Ms Bhutto feels Gen Beg, whose efforts ensured elections went ahead last November, is on her side, and in fact without his support would not dare removs Gen Sirohey.

She hopes to keep Gen Beg in his present position and the border between Assam and Arunachal Pradesh states over kick upstairs Gen Imranullah wbom she believes is against her and at present commands Rawalpindi, a crucial corps for the rioting on Saturday, while a long stretch along the border anyone wbo might wish to

plan a coup. By setting this precedent she will have more sway over Gen Beg whose three year term as a five-star general expires next cials said 60,000 Bodos had year, though his tenure of already fled to Arunachal Praalready fled to Arunachal Pra-desh and 20,000 Assamese to Army Chief continues till 1991.

Admiral Sirohey's removal the town of Gohpur. Will be the second time Ms Mr F P Sarwan, Bbutto has stepped in over the army. In May, she removed Gen Hamid Cul from heading the military intelligence (ISI). and the New Delhi go Close aides say that despite to resolve the crisis. rumblings from the army, she

is determined to go ahead.
Gen Massoud Alam Jan, the
Lahore Commander who is
close to her rival Nawaz Sharif,
india. Since February, more leader of the opposition Islamic
Democratic Alliance, was
recently reprimanded by Gen
Beg for allegedly working
against MS Bhutto. Even Ms

than 400 people, including
Bodos and Assamese, have
died.

The Assam government is
formed by the Assom Gana recently reprimanded by Gen
Beg for allegedly working
against MS Bhutto. Even Ms
Bhutto's supporter, Gen Kallue, brought in to head ISI, is
said to have threatened to
resign. In power eight months,
Ms Bhutto's government is yst
to pass any legislation.

Gen
The Assam government is
formed hy the Assom Gana
Parishad, a party organised by
student leaders who three
years ago won elections to the
state assembly after defeating
Mr Rajiv Gandhi's Congress-f
party.

Whatever the outcome, the latest clash is a likely setback for the general, Lara Marlowe writes HE events of the past five days have brought the conflict in Lebanon

hetween Syrian troops and Christian Lebanese Oeneral Michel Aoun to its most criti-cal point in five months of

car point in two months of artillery battles.

When the latest and heaviest bout of shelling broks out last Thursday. Gen Aoun determined to do to the Syrians what they have attempted to do to him through their naval blockeds of Christian actual blockade of Christian ports. Gen Aoun tried to cut the Syrian supply line.
Christian forces under his

command concentrated their shell-fire on the road from Damascus to Beirut. The entry point to West Beirut at Khalde has been heavily shelled, and the road across the Beka'a Val-ley became impassable. Shells fell as far east as Bar-Elias, only six miles from the Syrian border. The Syrians were clearly worried.

"The situation is very bad," Brlgadier-General Ghazl Kenaan, who is in charge of Syrian military intelligence in banon, was reported to have told the Syrian cabinet yester-

day morning.
The Syrian response to Gen Aoun's new offensive cams just a few hours later, when

Assam under

THE Indian Government at ths

weekend sent in the army and

imposed a curfew in the north-

eastern state of Assam, follow ing reports that 150 people

from the Bodo tribes were

killed in four days of violence. Mr S M Thiruvengadam, dep-

uty director of the Assam state

intelligence bureau, said more than 120 hodies had been

brought out of jungles along

The army was seot in to end

between the two states has

been under indefinite curfew

since last Friday after 38 vil-lages had been destroyed. Offi-

talks with the rebel leaders

and the New Delhi government

The upsurge of violence

the past three days.

curfew after

violence

By K K Sharma

in New Delhi

Gen Hashem Mouallak — who led the repression of the fundamentalist uprising in the Syrian town of Hama in 1982 — despetched armoured units against Christian lines on the ridge at Souk el-Garb, a few wiles couth east of Rainst miles south-east of Belrut It was at Souk el-Garb that General Aoun became a Leban-ese army hero when he pushed back a series of Druze and left-

back a series of Druze and lerist attacks in 1983.

By late afternoon yesterday, the result of the battle was still uncertain. Whatever the ontcome, it is likely to be a setback for Gen Aoun. Even if, as the Charlesian Veine of Loheren. the Christian Voice of Lebanon radio station claimed, his forces repelled the Syrian attack, the Syrians mads it clear that they had decided to step up their offensive by mak-ing the first ground assault in fivs months of war, despite pressure from the French and

American governments.
The Syrians have outnumbered Gen Aoun's forces since the beginning of the conflict and no one believes that his Maronite Christians could long resist a serious attempt to seize part of their territory.

If, as military officials in



ters at Baabda, they will now be able to shell him at close range and might even realise their goal of reaching his underground bunker. Moreover, after waiting to see the reaction of the Christian camp, they can threaten further terri-torial advances.

For the Syrians, the danger represented by Gen Aoun and his anti-Syrian Lebaness nationalism, and especially by his alliance with Iraq, is more

the Secretary-General of the French Foreign Ministry, left the office of Mr Farouq al-Sha-raa, the Syrian Foreign Minis-ter, yesterday afternoon after three and a half hours of what he toward an indeeth discusha termed an "in-depth discussion", the French special envoy was stony-faced and gave no indication of any progress

towards a truce.

The Syrian government controlled media had distorted an earlier appeal from Mr Roland Dumas, the French Foreign Minister, reporting only Mr al-Sharaa's response that Gen Aoun was to blame for the latest escalation.
In Damascus, it would be

easy for the unwary to be igno-rant of Syria's role in the Lebanese conflict. The newspapers refer only to "national Leban-ese forces" fighting the "right-ist troops of General Acum". Syrian troops, who operate almost all of the artillery batterles trained on east Beirut, are never mentioned.

Government officials express consternation at the destruc-tion of Beirut. "Aoun is crazy. Aoun must go," one Syrian official said yesterday morn-

pared with its position over Cambodia – another former French protectorate torn by

The French government feels

a moral obligation to act, if not

as impartial umpire, then at

least as honest broker.

In April, when he launched his aid mission, President François Mitterrand did not hesitate to speak of France's

"instinctive solldarity" with the Lebanese, and a few nostal-gists proclaimed a link going back to 1250, when St Louis

offered his protection to the Maronite Christians, The drawback is that for

mnch of the French public, and

years of civil war.

The Syrians may be closer to achieving their goal of Gen Aoun's departure than at any point in the five months of battle which started when he tried to assert authority over Mos-lem areas of Lebanon. The Syrians appear to be counting on the desperation of Christian troops and militia men and of the approximately 1m resi-dents of the Christian enclave. Two choices appear to face the Christians now: to con-tinue enduring daily shell-fire

and casualties in pursuit of a goal — the departure of all Syr-ian troops from Lebanon — which they cannot achieve; or

which they cannot achieve; or negotiations with Syria. An editorial in yesterday's Syria Times repeated Syria's demand for an Israeli withdrawal fom Lebanon, an Arabidentity for the country and political reform giving more constitutional weight to the Moslem majority. Gen Aoun still refuses to discuss reform and there is as yet no mechanism for the two sides to begin nism for the two sides to begin talking.

Gen Aoun, like the Syrians, appears intent on persevering. If he gives np now, he will have lost everything. The renewed involvement of the French government must

draw international attention to the Lebanese problem.

If he can keep fighting for a few more weeks, there is always a chance of interna-tional intervention. Gen Aoun has said from the beginning that he wanted United Nations troops deployed throughout Lebanon. ecanon. After the terror of this week

end, the question is whether his supporters will continue to back him. Although the Mos-lem population of West Beirut is equally weary of the shell-ing, the Syrians do not need support or reinforcement from the Lebanese people.

The Syrians are betting on Gen Aoun'a government cav-ing in under pressure. If the Christians ask for a cesselire, they will be negotiating from a position of weakness, and will want every international guarantee possible. Their expressed lack of confidence in the Arab League was confirmed when the League renounced peacemaking efforts two weeks ago. In view of French and Soviet

diplomatic manoeuvres to date. Paris as the traditional friend of Lebanon's Marcolite Chris-tians, and Moscow as Syria's most powerful ally, appear to be likely guarantors of any eventual agreement.

Searchers find bodies in Ethiopia air crash

SKARCHERS have found 13 bodies and the wreckage of the aircraft that vanished in south-western Ethiopia last week with US Congressman Mickey Leland and 15 others aboard, the US Embassy in Addis Abaha said yesterday. AP reports.

Mr James Haley, a spokesman for the embassy, said it was not immediately clear if three people presumed dead were in fact missing. The aircraft vanished on a flight to a refugee camp in south-western Sudan.

An aerial and ground search SEARCHERS have found 13

An aerial and ground search by US and Ethiopian personnel has been carried ont daily. Those on board included Mr Leland, eight other Americans, and three Ethiopian officials.

More US phone workers strike

Another 35,000 telephone workers struck in five US states on Saturday, bringing to 21 the number of states with work stoppages at local phone companies, Reuter reports from New York.

But negotiators for 83,000 telephone operators and ser-

But negotiators for 83,000 telephone operators and service personnel represented by the Communications Workers of America (CWA) were still working to prevent additional strikes in 19 other states.

"Our final proposals were rejected by the CWA," said Mr Steve Ford, spokesman for the Illinois-based American Information. Technologies. Corp.

mation Technologies Corp which represents telephone companies in five states.

Four Maldivians sentenced to die

Four Maldivians were sentenced to death for their part in a unsuccessful attempt last November to overthrow the Maldives government, official sources in the capital, Male, said, Reuter reports from Col-

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ombo. Twelve Sri Lankan Tamils were also condemned to death and 56 others jailed for 17-88 years. Three Maldivians were given jail sentences of between 11 and 15 years. The con-demned have 10 days to appeal. Officials said that no one had been executed in the Maldives since 1951, but the death sentences were likely this time to be carried out.

starts trials

ure of the civilian governmen from Khartonni.

Australian pilots' strike hits flights

By Chris Sherwell . in Sydney

AFTER the air traffic controllers and a group of engineers, it is the turn of Australia's domestic pilots to disrupt the travel plans of people struggling to fly round this wast continent. vast continent. ast continent.
Their 12-hour rolling stop-

pages" over an extraordinary pay claim is grounding flights in key centres for four succesaive days.

The stoppages are threatening Australia's -centralised.

pay-fixing system and damag-ing both their own industry and the country's tourism.

Today it is Sydney's turn to suffer a grounding of all domestic flights until mid-af-ternoon. Yesterday Perth and Cairns were hit. On Saturday it was Brisbane, on Friday Mel-

The Pilots' Federation wants increases of almost 30 per cent - A\$14,000 to A\$40,000 (£19,000) - at a time when

average earnings are A\$25,000 and pilots' annual incomes average around A\$80,000.

The pilots say they have fallen behind over the past few

opposition member of parlia-ment who served as France's emissary in April and caused considerable embarassment by his outspoken support for General Aoun, has not been dis-patched in the current diplomatic offensive.

the markedly pro-Christian

Instead, two junior foreign ministers, Mr Thierry de Beauce and Mr Alain Decaux, are to make contact with the members of the Arab League's tripartite mission, the Vatican and other near Eastern coun-

Mr Patrick Leclercq, head of the North Africa and Near East department, is being sent to the Arab League in Tunis, while Mr François Scheer, the ministry's secretary general was in Damascus yesterday, Mr Jacques Andréani, Mr Dumas's directeur de cabinet,

is on his way to Moscow.

Foreign diplomats, meanwhile, yesterday expressed a grudging enthusiasm for France's courage at shoulder-ing once again the thankless task of trying again to bring at least a kull to Lebanon's civil

Indian students face testing times

years of pay restraint.

The Industrial Relations Commission, the body at the centre of Australia's elaborate wage-fixing process, has already ridiculed the claim, having ruled last week that increases in the current financial year could be of the order of 6.5 per cent provided there were significant changes to work practices.

The importance of the pilots'

dispute is that, if the afrilines grant the demand, other work-ers in the industry will claimsimilar increases, thereby blowing apart the wage con-tainment system carefully con-structed by the Labor Party-government and the trademion movement.

Sudan iunta

Sudan's new military junts has put on trial the first senior figit overthrew, Reuter reports

Mr Idris al-Banna, deputy chairman of Sudan's five-man collective presidency until the Juns 30 coup, is accused of enriching himself with aid donated by Libya and Syria.

Mr Banna, who belonged to deposed prime minister Sadeq al-Mahdi's Umma party, was not given a formal chance to speak but could be heard protesting that he had been convicted in advance.

The trial, held in the Umma party's former headquarters.

party's former headquarters, was adjourned until next Saturday when Mr Banna will be given a chance to defend him-

WORLD ECONOMIC INDICATORS

INDUSTRIAL PRODUCTION (1985 = 100)

June '89 May '89 Apr '89 114.0 114.5 114.5 109.1 106.6 111.7 previous 109.1 120.6 +2.1 118.2 112.4 May '88 109.3 111.4 105.4 99.4 108.9 115.9 115.5 112.0 100.1

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ing. Gen Aoun's oft-repeated rrtion that President Assad Damascus said yesterday, the Syrians took the heights overcceptable than any amount of Syria must step down is not of international opprobrium. looking Gen Aoun's headquar-

French initiative is a risky step

Paris is bravely shouldering a thankless task, George Graham writes

Py LAUNCHING a new diplomatic initiative over the weekend aimed at winning a ceasefire in Beirut, France has once again taken the risky step of involv-ing itself in the tribal and seemingly endless conflict that has torn Lebanon apart for the

The risks of involvement became clear in April, the last time that France tried to bring its influence to bear in Leba-

An apparently neutral bumanitarian mission – a French navy hospital ship intended to rescue the wounded from all camps, and an oil tanker carrying fuel for the power station that serves both east and west Beirut provoked fierce reactions from Syria and from the Moslem and Druze factions.

France, virtually unsup-ported by its Western allies, found itself accused of a parti-san attempt to help the Chris-tian government of Gen Michel Mr F P Sarwan, the State Chief Secretary, said the gov-ernment had agreed to hold Aoun

In a face-saving compromise, a number of shelling victims were evacuated on the hospital

R AHUL Gandhi, 18-year-old son of the Indian Prims Minister, has

been admitted to the presti-gious St Stepben's College of the University of Delhi on the

strength of a certificate for pro-ficiency in rifle-shooting.

Rahul's easy acceptance by the most coveted educational institution in Delhi has become

the subject of a fierce controversy because his relatively low marks in secondary school

examinations did not qualify

him for the history honours course to which he has been

admitted.
Admission to universities in

India is not easy because the flood of qualified students who score high marks on completion of school is too much for

universities and colleges with limited accommodation.

helps to have political influence even though the ostensi-

ble reason for giving him pref-

erence over more qualified students is the emphasis on

excellence in sports - yet tbere is considerable doubt

about the justification for

admitting him since rifle-shooting is not a recognised sport in

Delhi University.

One reason for the criticism

over the ease with which Rahul found s place in a col-lege that prides itself on the

academic calibre of its students

is that thousands of those who

As in the case of Rahul, it

ship, but there was no follow-np ald mission, and the task of seeking a ceasefire agreement was left, unsuccess

fully, to the tripartite mission of the Arab League. Efforts aimed at bringing the attention of the international community to bear on the ever-deteriorating situation in Lebanon have continued since then, though French diplomats have for the most part appeared despondent about the prospects of persuading their allies to venture with them into the Lebanese maelstrom. During the visit of President Mikhail Gorbachev to France in July, a joint Franco-Soviet statement was issued calling

for an immediate ceasefire and measures to stop the supply of arms to the Lebanese factions. At the end of last month. too, Mr Roland Dumas, the French foreign minister, took advantage of the presence of his Soviet and US counterparts in Parls for the international peace conference on Cambodia to raise the plight of Lebanon

Indeed, France's view of its role in Lebanon can be com-

ties were rejected despite out-standing marks in the school certificate examinations.

Students with 96 per cent marks and more failed to get admission to coveted science

and engineering courses. Many switched to arts and related

courses such as history or eco-

nomics, only to push out those who had opted for these sub-jects in school and obtained

lower marks.

Getting into Indian universities has become a rat race with

the competition getting stiffer

A first division - or marks above 60 per cent - means nothing in the face of the qual-

ifying level of 90 per cent or

more for sucb coveted courses

as engineering, medicine and

Each year the conteat

becomes tongher because the

number who leave school

increases much faster than

facilities for university educa-tion expand. There are more than 15,000 higher secondary

schools in the country and

they turn out about four mil-lion qualified students each

for many prominent politi-cians, this instinctive solidarity extends principally to the Maronites. If French public opinion swings behind the latest diplomatic initiative, the govern-ment will run the risk of once

again being perceived as parti-This time, unlike the rather hurried April operation, the French foreign ministry is tak-

ing precautions. Mr Jean-François Deniau,

leges in India, with less than three million seats for all arts

and science undergraduate

courses. The result is a mad

K. K. Sharma reports on the scramble for places at university courses. Educationalists feel the answer is to encourage stu-dents to enter vocational courses which will assure them

This has been encouraged by

ths fact that there are now

many occupations which are becoming socially acceptable

and sven desirable. These

include hotel management and fashion designing, computer actence and other technical

There are now specialised

institutions for students opting for such vocations in prefer-

ence to a general degree. Such is the scale of unemployment in the country that admission

to even these increasingly involves much the same kind

of scramble as for general

occumations.

unemployed who get a general degree that does not qualify them for any kind of profession or specialised jobs. At present, vocational educa-tion is usually the choice of those who fail to find admis-As in the case of Rahul Gandhi, political clout is often sion to colleges. Educationalists say, however, that atti-tudes are changing because it is increasingly being realised that merely acquiring a univer-sity degree does not guarantee

trating periods in the corridors of colleges waiting for a chance to meet principals and others who count in granting admis-

Then comes the tense wait for lists of those admitted by colleges. Since most apply for three or four institutions, those rejected still have a chance when successful candidates opt for just one of their choices and thus create vacancies. There is a still tenser wait for the second and even third lists of those chosen for admis-

Since vocational courses are elther too few cr not preferred because of the competition for jobs, the scramble for admission to college gets fiercer even though it usually means adding to the numbers of edu-

race to get admission forms, fill them in for four or five of jobs rather than add to the increasing number of educated then find influential peopls such as politicians and highlyplaced officials to help gain admission.
Factors other than academic excellence often count more.

or those without such influence, it means hours of usually frus-

Yet because of the large numbers who get first division marks in school examinations at the relatively young age of 18, even the hundreds of thou-sands who find a place in uni-

degree courses. The reason is the same: too many students competing for too few academic seats to qualify them for versities cannot hope to find jobs after they complete their

SOUTH KOREA'a top opposition party yesterday declared virtual political war against President Roh Tae-woo after the Government accused the party's leadership of implication in a North Korean spy case, AP reports from Seoul.

SOUTH KOREA'a top

case, AP reports from Seoul.

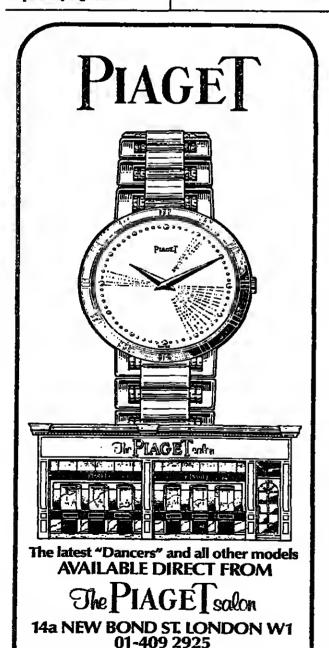
"The days of co-operation with the Roh regime are over," this Party for Peace and Democracy said after a lengthy caucus presided over by its head, Kim Dae-jung.

The opposition statement added: "We have no choice but to fight by all possible means. There should be no dialogue with people who are all out to destroy us."

Government prosecutors charged that Kim Dae-jung and senior party member Kim Won-kie knew of a secret visit to Communist North Korea by

Prosecutors quoted Suh, a member of Kim's party, as con-fessing that he had received \$50,000 after meeting with North Korean President Kim II Sung in Pyongyang and had given \$10,000 to Kim Dae-jung after returning to Seoul.

Suh was charged on Saturday with espionage. Kim Dae-jung denied involvement.



sought admission to universi-Tunis orders 10% price rises on subsidised foods

THE TUNISIAN Government has ordered price hikes on sub-sidised foodstuffs to try to rec-

tify a chronic deficit, AP reports from Tunis.

The Ministry for the Netional Economy said the prices on products such as milk, sugar, oil and semouls would increase from 10 to 15 per cent. The price of a baguette of bread was heing raised from 70 to 80 millimes (16 cents)

(16 cents). Bakers around Tunisia held e one-day strike a week ago to protest the stagnation in prices since 1986. Price hikes on cer-tain subsidised products led the "bread riots" of 1983.

To guard against a similar reaction, monthly allocations to qualifying families have been raised from 30 to 40 dinars (\$28.38). • Inflation fuelled by recent

wage increases in the Philippines is threatening the Government's economic recovery plan, according to economic experts.
The National Economic

Development Authority, the state economic planning agency, predicts inflation will hit an annualised 12.5 per cent in 1889 if the Government fully implements a minimum wage increase it signed into law in

S Korea opposition calls an end to co-operation

lawmaker Suh Kyung-won last August but failed to report it to authorities.

UK NEWS

Going in to BAT for the public interest | Disputes threaten launch

Michael Cassell on the impending political storm surrounding the bid by Hoylake

appears to be missing from the £13.5hn saga unfolding around BAT industries — a good, old-fashioned, political row. It may, however, be brewing nicely on both sides of the Atlantic.

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in Washington, more than 200 members of Congress have stepped in to attack the plan by Sir James Goldsmith and his friends to "liberate" the tobacco-based, conglomerate form alleged attacks and from alleged atrophy and decay. At Westminster, only the timely arrival of the summer recess has managed to temporarily keep the lid on the

The attempted takeover and the issues it raises have all the ingredients for creating a political confection calculated to tempt the taste buds of any self-respecting MP; for past couses celebres such as Rowncauses cerewes such as kown-tree and Pilkington, now read BAT. Given BAT's presence around Britain, under a variety of household trading names, dozens of MPs have a direct, constituency interest in its

already been described by one Labour MP as "the Australian gentleman in the stocking

mask" - introduces a suitable touch of xenophobia.

In addition, the leveraged nature of the offer, together with the use of what Tory ministers call "subordinated debt". but what everyone else labels
"junk bonds", has raised questions about the acceptability of
a form of financial engineering
that could get the City a bad

Overlying all those considerations is the challenge posed to the Government's policy on takeovers, mergers and demergers by a debt-financed megabid on a scale that potentially become the business of the control of th leaves no business safe from hostile predators.

The Confederation of British Industry has already said that one Hoylake-scale hid could win control of 25 per cent of Britain's manufacturing

with ministers already accused of abdicating responsi-bility for the long-term restructuring of British industry to companies intent upon maximum, short-term profit, the BAT bid brings a number





Nicholas Ridley, left, and Sir Giles Shaw: clash looming over the public interest implications of the proposed takeover and the role of the Monopolies Commission

of corporate and public interest Monopolies and Mergers Com-

issues to the fore.

Thare is concern among members of all parties about the hid and its wider implications, not least some Tories. A The extensive involvement bid and of the methods being in the bid of overseas particinate bid and of the methods being used to pursue it is Sir Giles Shaw, the former described in the former was already been described in the former was alread Industry Minister.

He has told Sir Gordon Borrie, the Director General of Fair Trading, that the extent to which a stock market based on an equity system could be turned into one run on debt is a matter for legitimate public

Sir Giles, who seems certain prehensive review leads to a to attract the support of some of his Tory backbench colleagues, believes that if the bid for BAT referred to the

mission ruled that there were no public-interest implications for the bid, there should be some form of mechanism introduced to prevent the spread of

leveraged takeovers.

Dr David Owen, the leader of the Social Democratic Party, bas already produced a policy paper on leveraged buy-onts, subtitled Corporate Greed and the National Interest.

His party believes it is time for what he describes as a "clear signal" to the market that the UK will not tolerate the development of Hoylaketype techniques until a com-

commission but it says the Government should make auto-matic the referral of any highly leveraged takeover proposal in excess of £500m, regardless of the impact on competition.

Labour believes the struggle for BAT will pave the way for a flood of asset-stripping, lever-aged-based deals in Britain, making debt-laden companies acutely vulnerable to recession and offering no perceptible improvement in corporate performance or efficiency.

The net result will be the

sort of "short-termism" that the Government's critics accuse it of encouraging.
Well before Hoylake's emergence, tha opposition had already decided that the onus

Questions raised by 'dead duck' bid

INDUSTRIES, the tobacco-based conglomerate which is fighting a £13.5bn bid from Sir James Goldsmith's Hoylake consortium, yesterday made clear that its initial defence will be to emphasise what it believes are the strengths of the group, writes Nikki Tait.

Although it dismisses the current Hoylake bid as a "dead duck," BAT acknowledges that the offer "has raised wider

Some institutional shareholders, for example, have questioned whether there are

The services of a first product of approximation of the service of the services of the service

alternative means of unlocking additional value in BAT— hence some support for the Barings "demerger" scheme floated when BAT first came into play.

However, BAT said yesterday: "It would be very unusual to come np with anything unconventional in response to a joke bid at this stage." Although not doing institutional presentations at present, BAT added that it was keeping in touch with leading shareholders.
To emphasise its point, BAT has computed total return fig-

ures for the top 10 UK compa-nies by market capitalisation for the fiva years preceding June 7 1989, thus excluding the immediate impact of the Hoylake bid. It claims that conglomerates come out best. It says the annual total

return (with gross dividends reinvested) on a compound basis for BAT is 33.06 per cent. That compares with 32.05 per cent for Hanson, 29.97 per cent for BTR, and then 29.29 per cent for Unilever. Conversely, Shell's figure is 22.43 per cent, Marks and Spencer's 13.78 per cent and GEC'a 3.1 per cent.

should be reversed, with predators having to demonstrate that bids were in the national interest before being allowed to

According to Mr John Garrett, a member of Labour's trade and industry team, who wants a referral to the commission: "The Norman Tebbit doctrine of making the criteria for the takeover of companies relate only to competitiveness is not enough and is certainly inadequate in bids such as

The odds, however, on the Government's insisting on a full investigation of the bid seem remote. Ministers also seem content that, far from having to develop new strate-gies to copa with the latest financial phenomenon, existing legislation will suffice.

The ultimate decision on

whether the bid to buy BAT will go to the commission will rest with Mr Nicholas Ridley, the new Trade and Industry Secretary and a man not best known for his wish to interfere with the workings of the mar-ket. Only where private deci-sion-making runs counter to the public interest, a tough one to prove, might his code of non-interference be temporar-

ily suspended.
Mr John Redwood, Mr Rid-ley's equally new right-hand man and the minister responsihle for corporate affairs and competition policy, has already made clear that his department will not normally regard a high degree of leveraging on its own

as the basis for a reference.

In the past, the Department of Trade and Industry has refused to refer some leveraged bids to the commission, preferring to believe that those people with money at stake are best placed to decide on the merits or otherwise of any

offer.

Mr Redwood is known to support the philosophy, believing that any other approach also effectively establishes the Government's right, at some point, to step in and requisition chareholders' rights. tion shareholders' rights.

By the time Parliament

resumes in mid-October, the fate of BAT might still hang in the balance or it might have been decided. Whatever the position, given

half a chance, Westminster will be itching to rejoin the

date of electricity sell-off

By Max Wilkinson, Resources Editor

A SERIES of unresolved disputes in the electricity industry has forced the Government to consider postponing its privatisation plans for

at least six months. The industry has told the Government that it has no chance of meeting the original timetable under which a dress rehearsal for the new wholesale market in power would

have started in October. Some senior professionals even believe that in their present state the systems planned for continuously huying and selling power could prove unworkable.

Mr John Wakeham, the new Energy Secretary, will be con-sidering the need to postpone privatisation of the industry as one of his first tasks when he

returns from holiday. Major difficulties have arisen from detailed negotiations between the two halves of the industry – generators and dis-tributors about the contracts which must be established

Under the Government's plans, two generating compa-nies, National Power and PowerGen will own the power stations and supply electricity to the 12 area boards which will become private distribution companies. Disputes have arisen ahout whether these contracts should be allowed to use surplus capacity to poach the distribution companies' larger industrial customers.

As discussions continued it became clear that this issue raised fundamental and technical questions about the con-tracts and about the day-to-day operation of the wholesale elec-tricity markets, called "pools."

However, computer programmes are now almost com-pleted for operating the pools according to the original speci-

fications drawn up a year ago The industry also has to resolve tough problems about nuclear power stations. Mr Cecil Parkinson, the previous Energy Secretary, announced last month that the older Magnox nuclear reactors would not, after all, be sold. But Mr Wakeham has to decide who will run them and how the

operator will be paid. According to the programme for the sale, the electricity companies would be established in January with the Government as sole share-

THE UK gas industry is to hold talks in the next few months on ways of promoting greater efficiency in the use of gas by industry, commerce and the householder prompted by sections of the Electricity Act under which electricity suppli-ers are to be privatised over the next two years.

Failure to exploit information science prompts top inquiry

BRITAIN'S biggest companies are being asked to take part in a project which will seek to explain wby so few of them exploit information technology effectively and to put forward practical solutions to what is now recognised as one of the country's most intractable

business problems.

The leaders of the project, called Impact, are looking for 40 of the UK's top 100 companies to invest up to £30,000 (\$48,000) each - and a lot of time and effort - in two joint ven-

The first will investigate the gulf in understanding between general management and data processing management; the second will measure the effectiveness of investment in infor-

mation technology (IT).

The project will be managed. by the National Computing Centre (NCC), Senior execu-tives who have agreed to sit on its advisory board include Sir

Bryan Carsherg, director general of Oftel, the telecommunications regulatory hody; Mr John Heywood, deputy chair-man of Hamhros Bank; Sir Patrick Meaney, chairman of Rank Organisation; and Mr Hugb Norton, managing director of British Petroleum.

A measure of the seriousness of the issue is the amount of time and effort they have agreed to commit. One top banker who wanted to participate withdrew because of the amount of direct involvement that would have been required.

Companies taking part in the project would be expected to sbare their experiences through seminars and discussion groups, "Health checks" would be instituted to assess a company's IT "fitness." Academics from Henley Management College, Templeton College, Oxford and Salford University will be contracted to help with the analysis.

'Majority' of workers women by year 2000

By John Gapper, Labour Correspondent

WOMEN will form a majority of British workers by the turn of the century, according to a new projection by the Henley Centre for Forecasting,

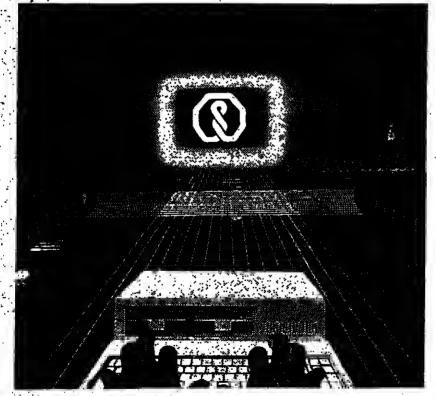
The Government has forecast that women will stay well below 50 per cent of the labour

The centre says a continued shortening of the hreak from work taken by women having children, together with a rise of 400,000 in the number of women in professional occupations by the mid-1990s will tip

the balance.
The centre says companies will have to provide more child care for workers to attract women - many of whom would return to work if

"Women will want to return to work, and perhaps more quickly than they have done in the past," says the report.

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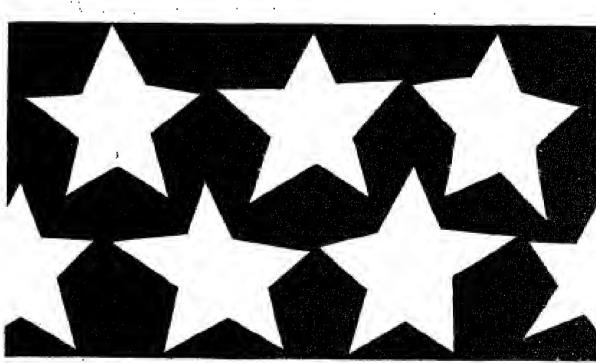


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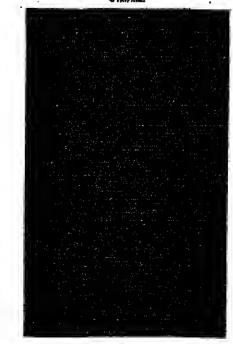


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Mulford backs Argentine reforms

Menem cools speculation over military amnesty

MR David Mulford, the US Assistant Treasury Secretary, has given cautious backing to President Carlos Menem's plans to reform Argentina's ailing economy. It is the first indication of US government approval for the five-week-old administration's efforts.

"If Argentina applies the cor-rect measures, opens its econ-omy, makes tax reforms and can privatise, it will be a candidate for aupport undar the Brady initiative," said Mr Mul-ford yesterday in Buenos Aires. "I am impressed by the speed with which the Menem government is doing things."
The Brady plan, named after
Mr Nicholas Brady, US Treasury Secretary, is designed to
alleviate the debt burden on
middle-income debtors by reducing debt and debt servic ing and providing new money. The test case for the initiative is Mexico, which last month

has sought to dampen specula-tion that he is about to

announce a general pardon for

military personnel involved in the so-called "dirty war" of the

Tomorrow he will travel to

Yapeyu in Corrientes province

ment with its bank creditors.
Until this week, Argentina had been ruled out of the scheme by US government officials.
Mr Mulford is also believed to have indicated US Treasury readiness to consider extendreadiness to consider extend ing a credit bridge of perhaps \$500m to Argentina, as part of an overall package of foreign financial support from the International Monetary Fund and other multilateral lending agencies

Agencies.

However, it is clear that his gesture of support, and in particular the reference to Argentina perhaps becoming a candidate for relief on some part of its \$60bn foreign debt, is still tied to the results of President Menem's reform programme. Soon after taking office President Menem announced an accommic americant programme. gramme containing many of the elements mentioned by Mr Mulford as being basic require-ments for full US Treasury

most revered nineteenth cen-tury military figures. President Menem was expected to unveil

plans for a pardon or amnesty for about 20 senior military

officers imprisoned or awaiting

trial for responsibility for

human rights abuses.

However, that programme has been considerably watered down by opposition in Argentina's Congress and has yet to be put into practice in any of its elementa. President Menem's plans are facing obstacles from within his own

obstacles from within his own
Peroniat party as well the
opposition Radical party.
According to Mr Domingo
Cavallo, Argentina'a Foreign
Minister and a trained economist, the country is \$4.4bn
behind in interest payments on
its overall foreign debt. At the
beginning of June this year, US
banking institutions were banking institutions were required to write down Argen-tine debt to "value-impaired" status, which means in part that substantial arrears pay-ments ought to be paid before commercial banks can lend any more funds. Nevertheless, a recent two-week visit hy an IMF team indicated at least an improve-

not going to get it." President Menem told local journalists

on Monday. He thus generated further speculation that, while

the amnesty amnouncement is not imminent, the decision to

make it has already been

tha Argentine press that tomorrow Colonei Mohamed

There have been reports in

ment of relations between the IMF and Argentina, following President Menem's assumption of office on July 8. It is known that the IMF delegation, which visited Buenos Aires to study Argentina's current economic position was impressed with position, was impressed with both the personalities and the

both the personairties and the programme of President Menem's economic team.

Mr Nestor Rapanelli, Economy Minister, said this week that he hoped further discussions with the IMF would be held before the end of August held before the end of August and that Argentina might soon become aligible for a \$1.5bn IMF stand-by loan.

If that materialised, Argentina would be expected to keep to a strict timetable of economic reforms. There is still considerable scepticism that President Menem's government will be able to keep those reforms on track.

Dialogue with Argentina,

home from a relaxed form of military detention in a Buenos military detention in a Buenos Aires barracks where he has lived since he led a four-day rebellion last December.

That rebellion, prefaced by two others between April 1987 and January 1983, was staged to press home demands for an amnesty.

"You want to get a date from me [for the pardon] but you are to attend a ceremony marking the death of General San Mar-Bush targets drugs as domestic policy issue

PRESIDENT Carlos Menam tin, one of Latin America's

By Lionet Barber in Washington

PRESIDENT Bush yesterday opened his campaign to curb drug abuse in America and signalled that he intended to make it a major domestic policy issue over the next several

At a White House press con-ference, Mr Bush said he would unveil early next month a "comprehensive national strat-egy" to combat drugs. The pro-gramme would involve more Federal spending as well as greater international co-opera-tion to check traffic in drugs coming from Latin America. Mr Bush noted that polls showed that 75 per cent of American people favoured tougher drug laws. "Drug abuse is a national menace and

the central government must attack it with every means at its disposal," he declared. However, some of the President's own officials are concerned that Mr Bush - who has cerned that Mr Bush - who has promised to spend \$6tm next year fighting drugs - may be arousing unrealistic expecta-tions of success. President Rea-gan's "Say No to Drugs" cam-palgn generated much publicity but had little discern-ible impact on hard-drug

ible impact on hard-drug abuse, notably cocaine. The architect of the drug strategy is Mr William Bennett, the Education Secretary in the Reagan administration, who is charged with co-ordinating the activities of numerous

Hammer wins pardon for election 'misdemeanours'

By Peter Riddell, US Editor, in Washington

magnate and friend of Lenin, has finally found something to champion in the citadel of cap-

He has been pardoned by President Bush over his 1976 conviction for making illegal campaign contribations to President Richard Nixon's reelection campaign in 1972.

Mr Hammer, 91, said he deeply appreciated Mr Bush's action in clearing his name. "Having spent my lifetime fighting injustice, this vindica-tion reinforces my abiding faith in the American system

In March 1976 Mr Hammer pleaded guilty to three misde-meanour violations of the campaign financing laws in giving \$54,000 in illegal contributions to the Nixon campaign. He was sentenced to a year's probation and a \$3,000 fine. The judge said he was not sent to prison hecause of his ill health; he appeared in court in

Mr Hammer, the chairman of Occidental Petroleum, has been seeking a presidential pardon for several years. Some prominent husinessmen convicted of making illegal cam-paign contributions in 1972 were pardoned by President Reagan. These included Mr George Steinbrenner, the main owner of the New York Yankee

Mexico's PRI unveils election law proposals

By Richard Johns in Mexico City

MEXICO'S ruling Institutional Revolutionary Party (the PRI) yesterday announced proposals for electoral reform which are clearly aimed at increasing its share of the seats chosen by proportional representation.

In finally stating its formal position, however, the PRI did not set out to reduce the number of seats allocated by proportional representation - currently 200 out of the 500 in the Chamber of Deputies - as the opposition feared and expected it would

The PRI is proposing to dou-ble the number of senators from 64 to 128, four for each state, with three to be elected by direct majority and one on the basis of proportional repre-

The third proposal is for a strengthening of the powers of ths Federal Electoral Tribunal as an independent arbiter. This is in an attempt to eliminate disputes of the kind which ensued after the PRI-rigged general election of last year. The legislature is scheduled to meet in an extraordinary session on August 28 to debate reforms of the Federal Elec-toral Law. These have been under discussion during the past six months hy a multi-party committee. Any changes have a crucial bearing on the outcome of the mid-term elections in the summer

The PRI proposals, if implemented, will involve amendments to at least 11 out of 136 articles of the constitution. But they, in turn, would require approval of a two-thirds major-ity of the Chamber of Deputies where the PRI has only 260

Proposals ontlined by Mr Luis Donaldo Colosio, national president of the PRI, for strengthening the powers of the Electoral Tribunal do not seem to meet the demand of the opposition that it should be an autonomous body divorced from the PRI

Last week the Party of the Democratic Revolution proposed that 250 of the members should be elected under the system of proportional representation, which in the last general election favoured the opposition parties and helped them to win 240 seats.

Bolivia's political odd couple search for unity

Barbara Durr on the task facing President Paz and his ally, the former military dictator who once imprisoned him

N the new Bollvian government's first day of business on August 8, Mr David Blanco, its well-regarded Finance Minister, was already pondering the circumstances under which his would resign. He said he would leave the ministry if President Jaime Paz Zamora attempted to raise wages without new revenues. Mr Blanco's warning indicates that the road sheed will probably be bumpy for Boliprobably be bumpy for Bolivia's "national unity" government. The battle will be over continued tight fiscal management or greater social spend-ing and state-led economic

eactivation.
The Finance Minister main tains links with his old profes-sor at Harvard University, Mr Jaffrey Sachs - who helped design Bolivia's economic turn-around under the previous government and now advises President Carlos Menem of Argentina. He is also a member of the conservative Nationallst Democratic Action (ADN)
Party, led by retired General
Hugo Banzer. The ADN is governing in an unexpected alliance with President Paz's social democratic party, Move-ment of the Revolutionary Left

ADN believes in an export-oriented, free market model, while President Paz is sensitive to pressures for better wages (average annual income is about \$500 per year), more jobs (unemployment is running at over 20 per cent) and more pro-tection for national industry which is at under 50 per cent

capacity).

President Paz, though personally popular, is in a sense the government's principal liability. He is associated in the minds of Bolivians with the disastrous government of Mr Hernan Siles Suazo from 1962 to 1985, when inflation ran to a world record 25,000 per cent.
Mr Paz was vice president.
Since 1985, Bolivia, once
regarded as South America's

perennial basket case, has made a remarkable economic turnaround. Under President Victor Paz Estenssoro, the leader of the centrist party National Revolutionary Move-ment (MNR), Bolivia halted hyper-inflation and resumed economic growth. The social costs have been high but accu-



President Paz: on a tight

mulated inflation through July this year reached only 2.9 per cent and the first quarter's growth was a promising 3 per cent in annual terms.

Uncertainty about where the country was headed began on May 28 when the National Electoral Court amounced the result of the election three weeks previously. None of the top three candidates had won a top three candidates had won a majority and there were charges of fraud. Without a conclusive result, the Congress had to choose the President, meaning two of the three main parties had to join forces to win sufficient votes in the legislature.

A nervous public since May A nervous public since May has withdrawn \$120m from banks - one third of the country's total deposits, Mr Hanco said. A substantial proportion of the withdrawals came when Gen Banzer, a former military dictator, amounced on August 2 his agreement to enter into 2 his agreement to enter into an alliance with Mr Paz, shutting out of the presidency Mr Gonzalo Sanchez de Lozada, the MNR's candidate who won the most votes.

An alliance between the MNR and the ADN had been thought logical but Mr Sanchez was regarded as too powerful a political threat.

The pact also served as an absolution of the past for both Gen Banzer and President Pax. Gen Banzer took power in a democracy is a t bloody coup in 1971 and ruled follow for Mr Paz.

harshly until 1978. Among those imprisoned and exiled during his regime was Mr Paz. Mr Paz, on the other hand, is trying to distance himself from his radical Marxist beginnings, which were the key to his founding the formerly leftist MR in 1971.

Gen Banzer appears to be the power behind the throne. He presides over the Government's chief policy making body and his party has nine of the 18 ministries, including Finance, Defence, Foreign Affairs, Mining and Agriculture.

To boost confidence in his government President Paz and government Presucett 722 and bis ministers have repeatedly said that they will not change the successful economic pro-gramme of the former government. The exchange rate for the Bolivieno, the local cur-rency, will continue to be set by the free market, tariffs are to remain low and there will be no printing of money to cover greater state spending.

Mr Blanco aims to increase government revenues by grad-ually raising taxes and prices for basic goods such as petrol as well as trimming the num-her of public employees and privatising some state compa-

nies.

If there is more social spending, as President Paz has promised, it will have to come from health, education and basic development projects supported by multilateral banks.

Bolivia intends to maintain its programme with the International Monetary Fund. Although the IMF only contributed \$50m to the programme, its approval of Bolivia's economic progress helps to mainnomic progress helps to main-tain financial confidence. Mr Enrique Iglesias, Presi-

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dent of the Inter-American Development Bank, pledged that his institution could disburse \$462m for development projects to the new Bolivian government over the next four

Meanwhile, foreign investors will be looking for proof that Bolivia will continue its conservative economic management. The country's widely admired example of having made a difficult economic adjustment while preserving

WORLD TRADE NEWS

Hills to push US policy before Uruguay Round

THE US Trade Representative Mrs Carla Hills, yesterday said that the US current account deficit may "build a little" because of macro-economic factors driving it and the stronger

dollar. Speaking at a briefing, she talked of the need to boost US productivity and domestic savings and said that the Bush administration is discussing proposals for a "well-constructed" individual retirement account programme.

After six months on the joh in which she concentrated on fulfilling the requirements of US trade legislation and renew-ing the steel quota, Mrs Hills is now preparing to embark on a series of foreign trips to preach US policy on trade liberalisa-tion and to learn about the economic and political problems of our trading partners" in an attempt to push along progress in the Uruguay Round of international trade talks. Next month she will be meeting with trade ministers in London, Paris, Bonn, Brus-

sels and Berne; two trips to

Asia are planned in the autumn. By the end of the

year, she hopes each of the 15



Carla Hills: EC subsidies are politically sensitive issue

Gatt negotiating groups will have agreed on texts to guide talks to a conclusion by the

Mrs Hills predicted difficulties in a number of areas, par-ticularly agriculture and intel-lectual property rights. "We're further ahead in thinking about how to create growth than some of our trading part-

ners," she said. The European Community is finding it difficult politically to talk about the elimination of trade-distorting subsidies in agriculture. We think European consumers and farmers would be better off to decouple the production of agricultural

goods from payments."

Mrs Hills said the US has
met "a number of times" with representatives from India, Brazil and Japan, who she tar-geted for special negotiations under the so-called "Super 301" provision of the trade law. All hree countries have refused to discuss US complaints under threat of retaliation, and other venues for the talks have had

"All I care about is that we achieve liberalisation in areas where there are restrictions," Mrs Hills said. She implied that progress would be sufficient if the Super 301 targets move to change their restric-tive policies in the context of the Uruguay Round.
Mrs Hills said she particu-

larly would encourage the Japanese Government to take against collusive practices.

European shoe industry fights for survival Alice Rawsthorn reports on the results of rising competition from the Far East

life against a flood of imports from the Far East and what appears to be indifference by the European Commission. 'We must be realistic," said the head of one of Europe's big-gest footwear firms. "To the European Commission we are a small industry of little strategic significance. Officials can score political points hy forcing through policies on textiles ctronics. But who cares

about shoes? This year the European footwear industry has discovered exactly how small - and insignificant - the Commission considers it to be. For months its lobbyists have pressed for the introduction of restraints on imports of footwear from the Far East. And for months the Commission has procrasti-

The Commission is procrastinating over whether to take steps to regulate the influx of imports from South Korea and Taiwan which have inflicted a devastating blow to the European industry since the mid-1980s.

Imports bave posed a problem to Europe's footwear firms for years. But in the last three years the flow of imports into Europe has turned into a flood. The decline of the US dollar and the related Far Eastern currencies made it less profit-

ing in a record current account surplus of \$1.5hn (£937m) last year.

The Textile Exporters' Association is laying the blame for the decline at the

door of government policies.

Exports at the high-value added

readywear end of the market are esti-mated at about \$1.1hn in the first seven

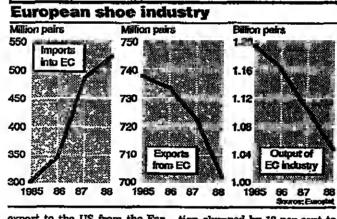
months of the year. Although this is an

increase of about 5 per cent on last year's \$1.05bn for the same period, this

is sluggish when compared with the annual increases of hetween 15 per cent and 20 per cent recorded in recent

Ironically, it is not EC quotas - the

bughear of the past - that most preoc-cupy Turkey's textile exporters, hut lack of support from the their govern-ment. The Government phased out the last incrative export tax rebate incen-



export to the US from the Far East and more profitable for them to sell to Europe, while the South Korean and Taiwan-ese shoe companies had invested heavily in new capacity and in upgrading their out-

Conversely the strength of the European currencies against the dollar made it difficult for the Italian, French and West German industries to sell their shoes to North America. The European industry con-fronted a combination of increasing imports and declining exports.

Between 1985 and 1968, when European exports fell by 5 per cent to 702m pairs, imports increased by 73 per cent to 522m pairs. As a result the

tion slumped by 12 per cent to 1bn pairs over the same period. Every area of the European industry, which employs about 345,000 people, has been affected. There have been job losses and factory closures in every country. A week ago Eatoughs, one of the larger UK

companies, went into receiver-ship putting 538 jobs at risk. Even the Italian industry, which is the largest and argu-ahly the most successful in Europe, has suffered severely. Imports rose by 16 per cent to 91m pairs between 1987 and 1988, as exports fell by 5 per

cent to 365m.

The level of output slipped by 6 per cent to 435m pairs. As a result Italy, which employs one-in-three European footwear workers, saw 300 foot-

Turkish textile trade blames government for decline

last year.

The same scenario has been replicated in other European countries. There were more than 3,000 job losses in the West German industry in 1988. Even the Spanish industry, which enjoyed buoyant growth until the mid-1960s, suffered a shimp in output.

The European Confederation of the Footwear Industry sees import restraints as the only solution. For more than a year it has been lobbied the Com-mission for specific restraints on South Korean and Taiwan-ese imports, along the lines of those introduced for Italy and France last summer.

Last year, the Commission conducted an inquiry to assess whether the introduction of import restraints was justifi-able. The inquiry was com-pleted earlier this year, but the Commission has yet to reach a

The last of the meetings to discuss the inquiry's findings was held at the end of July. The meetings will resume in

Mr Roland Smetts, director of the confederation, does not expect a decision before the end of the year. However, there is a growing body of opinion in the European industry that the introduction of restraints against South Korea and Taiwan alone would not be

and Italian industries suggests that, faced by barriers to entry, the South Koreans and Taiwanese have simply exported indirectly to France and Italy via other European countries with free access, like Belginm

and Holland. Similarly South Korea and Taiwan have switched production to other Far Eastern countries, such as Thailand and Malaysia, where there are no restrictions on entry to the French and Italian markets. France, for example, saw only a slight increase in South

Korean imports from 22m to 23m pairs last year, imports from Taiwan actually fell from 13m to 11m. But the rise in imports from Thailand and China ensured that imports

China ensured that imports rose by 10 per cent to 162m pairs of shoes.

The extension of import restraints across the Community would end the "indirect" exporting within Europe. Yet the confederation is convinced that the only year to traville the that the only way to tackle the relocation of production is to introduce restraints not only to South Korea and Taiwan, but to all the Far Eastern footwear

producers.
This may mean that the industry has to wait even lon-ger for the Commission to make up its mind. And while it waits there could be yet more company closures and more

Japan's car sales set for surge

By Kevin Done, Motor Industry Correspondent

JAPANESE car makers are set to capture around 18 per cent of the West European new car market by 1995 compared with 11.3 per cent last year, according to a study by the Economist Intelligence Unit. The report on the passenger car market in Western Europe

says that the Japanese share of the market will rise because of increasing local production by Japanese car makers and imports from Japanese assembly plants in the US. The share taken will rise rapidly, even if the Japanese industry continues to follow its

policy of restraint on direct exports to the EC which was implemented in 1986. The EIU study says that on the basis of current plans around 500,000 Japanese cars and four-wheel drive sports/ utility vehicles a year could be built in Europe by 1993, rising higher as Toyota and Honda build up ontput from their planned assembly plants in the UK. Imports from other sources will also rise progres-sively between 1990 and 1995, with imports from South Korea expected to show the biggest

South Korean cars, chiefly from Hyundal, accounted for only 0.2 per cent of the Euro-pean market last year, but this share could rise to as much as 3.5 per cent by 1995. Overall imports currently account for 13 to 14 per cent of

account for 13 to 14 per cent of the West European car market.

By contrast imports accounted for only 3.4 per cent of the Japanese domestic market last year – although sales of foreign cars in Japan are currently rising quickly – while imports accounted for as much as 35 per cent of US new car registrations in 1988, including imported cars sold under US badges.

The EIU report forecasts that the traditional European car makers (including Ford of Europe and GM Europe) will

account for only 74 to 75 per cent of West European new car sales by 1995, compared with 86.3 per cent last year. East European cars, led by Ladas from the Soviet Union and Skodas from Czechoslo-vakia, are also forecast to increase their share from L8 per cent last year to around 2.5 per cent in 1995. The EIU study forecasts that

overall new car registrations in Western Europe will climb by around 3.5 per cent this year to a record of just over 13.3m. It suggests that new car prices will rise by less than the

rate of inflation during the first half of the 1990s, despite the additional costs facing manufacturers to comply with exhaust emission regulations. The Passenger Car Market of Western Europe: Developments and Prospects. The Economist Intelligence Unit, 40 Duke Street, London, W1A 1DW. Price £265, West Europe, \$525 N America, £268 rest of world. FALTERING SALES are worrying Turkish textile exporters, whose busitives in mid-April, and exporters throughont Turkey are feeling the ness has been the main engine of Tur-key's export drive in the 1980s, result-

On top of this, prices for domestic raw cotton have shot through the roof by 40 per cent in the main buying sea-son between March and May. Again, this is blamed by manufacturers and traders on the Government, for liberaliraders on the Government, for liberalising exports of raw cotton without
making provision for domestic stock.

Some financiers argue that market
forces are at play, feeding through
from a siump in domestic sales due to
the attraction of earning high interest
rates on deposits, which fed through
into decreased demand for foreign currency to pay for imports. Added to
tbat, foreign exchange abounds that, foreign exchange abounds

because of the account surpluses.
But the textile axporter's gloom tallies with the general despondency among Turkey's export houses, which feel that the Government has ahanis riding high. It may not for long.
Ominously, in May total outward visible trade dropped by 14.9 per cent to
\$702m, compared with the same manth the previous year. Announcement of the May figures by the State Institute of Statistics had been delayed unfil early August - compared with the usual two month lag - because of a dispute with the Finance & Customs Ministry, which estimated sales as being much

which estimated sales as being much higher at more than \$800 million. Meanwhile, some companies predict the Government may be forced to institute a mini-devaluation in the autumn to stave off the decline. Others say that revisions in import tariffs, and the new mobility of foraign exchange after recent government moves to make the lira more freely convertible, will bring exports around on their upward track. To compensate the big fereign trade corporate companies for their previous 6 per cent perk on top of the old rebate system, the Government will give them

a 2 per cent premium. This is to help these companies retain the business of smaller companies, which exported through them for a slice of the old rebate privilege.

Quotas in the EC and North American markets will still be constricting this year, despite the lower exports growth. Seven months into the year, for example, most estegosies of EC quotas have been used up by 60 per cent and more. The ever adaptable texille industry in Turkey - perhaps the most profit motivated with its numerous lowly-paid sweatshops - has been restructuring in recent years to earn the most from quotas by shifting towards better quality and higher value added in readywear.

The association is confident it can overcome the trough. This is a very dynamic sector," says Mr Tuncar Ogun, its secretary general. "In one or two months, the rate of growth will increase again."

Opportunity to grasp the training nettle

Hazel Duffy explains how local groups are being put to the test

Britain's chambers of commerce was late in the last cantury. Booming industrial cities all sported chambers where local inmstrialists and businessmen discussed common topics and generally socialised.

But they declined in impor-tance as business became more centralised, and as the north of England, which was the main core of the movement, lost wealth and population.

Now, a new opportunity presents itself. The Thatcher government wants to devolve responsibility back to local level for things like training, closer liaison between husiness and schools, and the needs of the community generally. The chamhers of commarce— which are independent and local and have governing bodvide ready-made business.

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But they are not uniformly equipped to do the job. The Government's impetus has highlighted the weaknesses of many chambers, and the

strengths of some. Thames/Chiltern and Walsall are highly motivated chambers. The first is relatively young, and based in the south of England. The second has been going for a century, but has shown itself able to adapt to the changes in industry in the West Midlands.

Jim Henderson, the training manager of John Crane (part of the TI group), feels that the main benefit to him of Thames/ Chiltern is its training school. The Slough-based chamber is the managing agent for government schemes which train young people and adults. It runs engineering apprenticeship courses, and specialist courses, like that for fork-lift truck drivers, which most companies cannot justify setting

np on their own.

The area covered by this chamber is part of the highly prosperous M4 corridor. Prosperity brings its costs. Labour shortages were common even in the recession. Today, they

re severe. involved with, we are involved Recruitment and training with on a daily basis," says

he heyday for are big issues among employers. The chamber provides a forum for discussing the issues which occupy the minds of local training managers of both big and small companies.

Roddy Symes, who runs the family-owned Metal Colours electro-plating company, first hecama involved in the Thames/Chiltern chamber because he wanted "to do something for charity," and has achieved this through an organisation which puts some thing into the community.

President of the chamber a few years ago, he has never contemplated joining the Con-federation of British Industry: "It is a pressure group; it does not help smaller companies."

Now, rather to his surprise, he finds himself getting something out of the chamber. "It is an open window on the world." For instance, he agreed to take part in a government/industry scheme whereby a civil servant from the Department of Trade and Industry sits in on board meetings as a guest. Both sides learn — about husiness, and about Whitehall.

about Whitehall.

The chamber is currently setting up a scheme to keep subscribers better informed on business in the European Community, which Symes thinks will be very helpful. He wants to know when public sector contracts are coming np in other countries, so that he can tender for business.

Chambers have tended to be used most by smaller companies as a source of information and provider of services. One of the most successful services has been a facsimile line in the chamber offices for companies which do not want to invest in a private fax.

The Government has encour-

aged chambers to organise export missions; last year the Department of Trade and Industry decided to channel its export advisory services to companies through chambers. But the big catch for chambers would have been the new employer-led Training and Enterprise Councils. "Everything that the TEC will be

Leslie Robinson, the director of Thames/Chiltern.

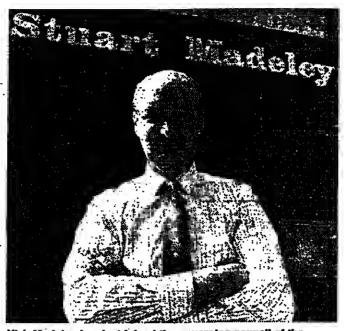
Norman Fowler, Employ mant Secretary, decided that business people, as individuals, must be in a two-thirds majority on the councils. However, while some chambers undoubtedly have the professionalism to form a TEC; many do not. This situation puts a brake on the ambitions of the best. Rohinson was instrumental in putting together the group which bid, successfully, to be nominated as the TEC for the

Thames Valley area.
In another part of the UK, the Walsall chamber, which already plays a vital training role, also applied to be nomi-nated as the TEC for its area. The engineering industry has boomed in the past couple of years in this area north of Rirmingham. This time, it is the smaller companies which have mostly benefited. The big companies closed down or moved elsewhere in the recession of the early 1980s. Their training schools went with

But the training centre at Wednesbury, which the chamber hought two years ago from the Engineering Industry Training Board, is now full with trainees from least companies where the companies where the companies of the companies local companies. Their trim blue-overalled presence is both a mark of the return of the engineering apprenticeship, and the chamber's determina-tion to promote the centre to local companies, most of them small companies which would not run their own training

The activities do not make a profit. But for David Frost, the director of the Walsall chamber, the use of money raised in other services to invest in engi-neering training is justified by the importance of the industry

Training for skills, such as leather work, is run by the chamber. Nick Madeley's family has a leather goods factory in Walsall. He has just gone on to the governing council of the chamber, partly because he felt the industry should be rep-



Nick Madeley has just joined the governing council of the

While many companies show considerable enthusiasm for

their local chamber, most are less committed. "We belong only because they issue the certificates of origin required

by Arab League countries."

said one. Others mention the

export missions as useful for getting a look at new markets.

is betwixt and between where

its ability to take on an organi-sational role is concernad.

Many hig companies encourage

a subsidiary or hranch to belong to the local chamber.

They tend, however, not to

play as active a part as do smaller companies.

chambers do not have the national iobbying power of the CBI, nor the right-wing flavour

of the Institute of Directors.

They see their main lobhying target as local authorities, not

Many chambers are feder-

ated to the national associa-

tion. But some of the stronger

chambers are not. There is

nothing to prevent a chamber being set up by anybody. The

title is not protected. Some which call themselves cham-

hers of commerce represent

groups of shopkeepers, more

concerned with the opening

central government.

Partly as a consequence,

But the chamber movement

He also runs a company which distributes Hong Kong-made sports goods, so far only in the UK, hut he is about to embark on supplying Conti-

nental markets. The chamber can belp by providing names of the publishers of sports goods magazines in West Germany. He also looks to the chamber to take a lead on local issues, and likes the contact with other

usiness people it provides. Also in Walsall, Brian Lowe runs another family company, Lobro Tools, precision tool-makers. "They are a very helpful and co-operative bunch at the chamber. They know what they are doing," he says.

Lowe employs 25 people. He is hardly flush with time to research the Government's grants mechanism for industry. The chamber provided him with the information. Both Walsail businessmen have done stints for their trade associations which they think

are necessary to represent their interests on issues affecting the sector, but cannot take the place of a good chamber of commerce on local concerns. Walsall campaigned hard, for instance, when the Govern-ment decided to re-open discustion on the route of the orbital relief motorway proposed to

hours of shops in their town than the level of training and relieve congestion on part of the M6. The new road is vital skills in the area. The "genuine" chambers clearly have a role which could for the area's industrial survival; delay would have been disastrous. The campaign sucbe expanded. In the current political climate, the solution ceeded. The Department of Transport agreed that the cho-sen route should stay. lies with their members, not Textiles

'Silk' that cuts a fine dash

In an occasional series on the Japanese reaction to the rising yen, Ian Rodger explains Toray's shift to upmarket polyesters

be astonishingly successful recovery of Japa-nese manufacturing industry from the negative effects of the sharp increase in the value of the yen three years ago continues to arouse debate both in and outside the country.

For some, it proves that the Japanese still use all sorts of tricks to protect each other from foreign competition. For others, it shows that they simply do not respond to macroeconomic forces in the same way that others do. However, whenever individ-

ual cases are examined, the causes of success tend to emerge as much more familiar and commonplace. Take the asa of the synthetic fibres division of Toray Industries. The Japanese textile industry was among the hardest hit by the increase in the yen, since it was already being challenged by low cost producers in Taiwan and South Korea.

Toray's response to this douhie threat came straight out of husiness school textbooks. It acknowledged that it could not compete any more in standard volume products, but it felt it could hold its own in highervalue products by intensifying its effort to develop new fibres and fabrics, and that would enable it to maintain sales and profits. Three years later, the results

are clear. Toray has succeeded in developing a range of fine polyester fabrics that is well ahead of anything made by US and European, let alone Asian, producers. The new fabrics have all the desirable charac-teristics of silk plus strength, washability and economy. The company claims that its latest line, called Silk Royal, even delivers the hitherto unique swishing sound of silk rubbing against silk when the body

These new lines have sold well not only in Japan bnt also in the US and Europe, causing some discomfort to local manufacturers. Earlier this year Courtauids, the UK textile group, acknowledged the lead held by Toray and other Japanese producers; it gave up its own effort to build up expertise in this sector and sold its Samuel Courtauld polyester weav-ing mills to the Japanese com-

fibre maker is just a fibre As expected, Toray's overall maker and a weaver is just a volume of polyester fabric sales has declined in the past weaver. They are just client and supplier. It is a different attitude, he adds. The teams are also working three years but, thanks to the new products, value has been maintained. 'Our total export together to develop weaving of fahric is down in volume

techniques and dying proce-dures to achieve the colour and because we stopped exporting some standard lines where we texture consistencies over can no longer compete. We are huge volumes that hig customers, such as Marks and Spencer of the UK, demand. Our cliconcentrating on the top lines, and nobody can compete with our high quality polyester fab-ric," Kohei Sakamoto, Toray's executive vice-president, says.
Exports to Western Europe
have dropped from 26m square
yards in 1986 to only 20m
square yards last year, but the
value of these exports has held
steady at Y5hn a year. steady at Y5hn a year.

Sakamoto acknowledges that there are differences in the way that Toray runs its polyeshusiness from the practices of Western competitors, but there is nothing mysterious about these differences. They are to do mainly with the rela-tions between the yarn spinners, such as Toray, and the weavers and dyers.

Japan's synthetic fibre "The polymerisation process is also very important," Saka-

industry grew in the early 1950s out of the silk industry and adapted its structure. The hig companies concentrated on spinning yarn and then sent it out on a commission basis to dozens of independent weaving and dying companies in the Hokuriku area along the Japan Sea coast.

Because there was no immediate demand for the new fabrics, the two sides began working together to develop attractive products. This led gradually to what Sakamoto calls "production teams" of spinners, weavers and dyers that has continued to work closely together until today We help the weavers and dyers by testing new machin-ery for them, for example,"

expand the factory for these lines. We do not want to stop the successful existing lines." Sakamoto says. Meanwhile, Toray is back trying to develop more new fabrics. "The Taiwanese and Korean producers have caught up very rapidly. But we are trying to develop new speciali-

"In Eur	ope and t	ha US,	a mea	ans we w	ill fall b	ehind."	
Synthel	lic Fibre	Produ	ction b	y Regi	on ('00	O tons)	
	1975	1980	1985	1986	1987	1988	_
Japan	1,021	1,357	1,403	1,356	1,337	1,349	_
S. Korea	263	536	812	862	969	1.114	
Falwan	235	558	1,024	1,232	1,391	1.435	
JS	2,445	3,242	2,864	2,919	3.094	3,147	
W.Europe	1,866	2,163	2,569	2,554	2,563	2,556	
Other	1,523	2,620	3,827	4.071	4.386	4,736	
TOTAL	7,353	10,476	12,499	12,994	13,759	14,337	

Prequalification of Contractors for the East Bridge of the Great Belt Link in Denmark (one of the largest bridges in the world).

DBSBANK THE DEVELOPMENT BANK OF SINGAPORE LTD

To: All Bondholders US\$70,000,000 51/1% Convertible Bonds due 1998 US\$100,000,000 4% Subordinated Convertible Bonds due 2001"

SUSPENSION OF BOND CONVERSION

NOTICE IS HEREBY GIVEN that the Bonds will not be convertible during the period 8 September 1999 to 15 September 1989, both dates inclusive, being the period during which the Share Transfer Books and the Register of Members of the Company will be closed for the purpose of determining shareholders' entitlement to the interim dividend declared in respect of the financial year ending:31 December 1989.

Notice to shareholders in

SOPHUS BERENDSEN AS

DKK 28,312,600 Bonus shares Delivery will take place during the period from August 21 to September 1, 1985

10 B-shares of DKK 100 each entitle the holder to receive 1 bonus 8-

DEN DANSKE BANK

New Issues Department Holmons Kanal 12

The shareholder's instructions concerning the delivery of bonus 8 shares may be given direct to the shareholder's bankers or stockbro-

Saborg, August 1989

SOPHUS BERENDSEN AS

The bonus shares rank for full dividend for the 1969 ac-

Further information may be obtained from

BY ORDER OF THE BOARD

SHIRLEY LOO-LIM (MRS) **GROUP SECRETARY**

14 August 1989. Singapore

A project is being undertaken in Denmark during the period 1987-1996 to establish an 18 kilometres (12 miles) permanent link across the Great Belt between the two Danish isles of Zealand and of

The Employer is Great Belt A.S., (A/S Storebæltsforbindelsen), wholly owned by the Kingdom of

Two major contracts have been awarded and the construction work has commenced. One contract is a double 8 kilometres hored railway tunnel between Zealand and Sprogoe and the other con-tract for a 6.6 kilometres combined road and railway hridga between Funen and Sprogoe. The East Bridge is the third and

last part of the 18 kilometres long

Fixed Link across the Great Belt.

The invitation to submit tender for construction of a 6.7 kilometres long motorway bridge with four lanes and two emergency lanes will be sent to a selected group of contractors. A preliminary date for submission of tenders is October 1st 1990 with

expected commencement of contract early 1991. Tender designs will include: -A 1,200-2,000 metres main

span, suspension bridge or a 900-1,200 metres main span, cahle-stayed hridge. - 30-45 approach spans, each 110-160 metres, in either

concrete or steel. - Substructure constructed as prefahricated floating caissons (founded directly on the seabed). The Employer may divide the works into the following contracts:

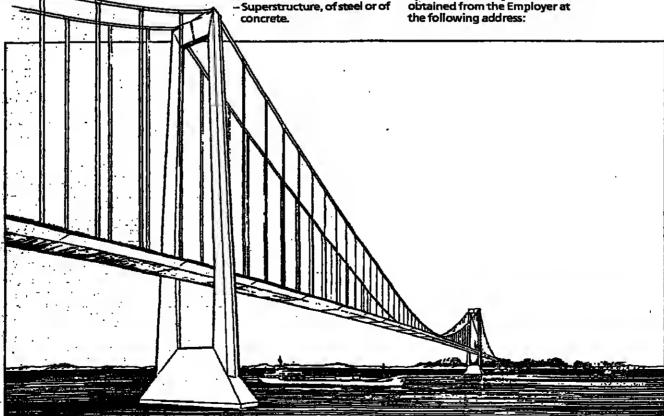
- Substructure, possibly inclusive of main towers.

Further, the tenderers may submit tenders based on their own alternative designs. The request for prequalification shall state the contracts for which

tenders will be submitted. The works are expected to be constructed in the period from 1991 to 1995, for scheduled opening of the motorway by 1996. Great Belt A.S. has advertised for prequalification in accordance

with EEC directives. In order to he considered, interested contractors must forward relevant documentation before November 20th 1989, giving details about capacity for this work with technical and economic qualifications as well as previous experience cained from other similar, large

transportation projects. Further information on the required documentation to he submitted hy interested companies can be obtained from the Employer at



Great Belt A.S. Vester Soegade 10 DK-1601 Copenhagen V Telephone + 45 33 93 52 00 +45 33 93 10 25

<u>Storebælt</u>

OLD COURT INTERNATIONAL RESERVES LIMITED

thy given that the Stath and Seventh Extraor of Old Court International Reserves Limited Rothschits Asset Menagement (C.I.) Limited. T Yew Street, St. Peter Port, Guerrasy, Chanes eptember 1989 and at 12.00 noon on Thurs

LEGAL NOTICES

No. 904293 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER of - and -IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Partition was on the 20th day of June 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from \$17,800,000 to \$17,000,000 by refurning capital which is excess of the wants of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Harman at the Royal Courts of Justice, Strand, London WC2 on Monday the 9th day of October 1989.

ANY Creditor or Shareholder of the said Company desiring at oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for

DATED this Set day of August 190

LINKLATERS & PAINS (A. Rob)

No. 004038 of 1989 IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION Re: REUTERS HOLDINGS PLC

Re: THE COMPANIES ACT 1985

NOTICE IS HEREBY ORVEN that the Order of the High Court of Justice (Chancery Division) dated 31st July 1983 confirming the cancellation of the amount of £293,280,334,43 standing to the credit of the Share Premum Account of the above-named Company was registered by the Registrar of Companies on 3rd August 1959.

DATED 8th August 1989

LINKLATERS & PAINES Solicitors to the Company

RENTALS

KENWOODS RENTAL

QUALITY FURNISHED FLATS AND HOUSES Short and Long Lets 23 Spring St., London W2 LJA Tel: 01-402 2271 Telex: 25271 Fax: (01) 262 3750

ents' requirements are getting stricter and stricter. We have done better than the European

manufacturers because Japanese garment manufacturers and department stores have heen very demanding. Sometimes they are too strict, but we have to meet their demands," Sakamoto says. Toray itself has been concentrating on developing ever finer yarns and ways to pro-duce them consistently. Endless experiments with extru-sion shapes - along with changes in extruding temperature and pressure - ultimately produced the desired results.

moto says, as is purification of the polymer.
Toray intends to transfer its fine polyester technology to Samuel Courtauld as quickly as possible, but it will also maintain the thick polyester fabric lines being made by its new UK subsidiary. "I think it will take two years. We have to

ties to stay ahead," Sakamoto says. "We are always trying to improve, to create new items. If we stay on the same level, it

COMPANY NOTICES

St. Peter Port, Guernsey

No. 004000 of 1989 IN THE HIGH COURT OF JUSTICE **CHANCERY DIVISION**

> IN THE MATTER OF GREENWICH RESOURCES ple IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 31st July, 1988 confirming the reductin of the amount standing to the credit of the shore primitim account of the above-named Company at 24th April, 1989 by £12,831,000 was registared by the Registrar of Companies on 3rd August, 1989.

DATED this 14th day of August, 1989

CLUBS

policy on fair play end value Supper from 10-3.30 am. Disc musicians, clements

The Financial Times

LEICESTERSHIRE

proposes to publish this survey on:

15th September 1989

For a full editorial synopsis and advertisement details. please contact:

Anthony G. Hayes

on 021 454 0922 or write to him at:

George House George Road Edgbaston

FINANCIALTIMES

Birmingham B15 1PG

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Warehouses

The six buildings in the scheme have floor areas varyfiled metal cladding and are set

IN BRIEF...

The £50m redevelopment of Derby's Greyhound Stadium

into office space will be handled by HALL & TAWSE GROUP, construction division

of Raine Industries. The proj-

ect is said to represent the first

major investment of its kind in

Derbyshire for 15 years. Raine industries subsidiary, J F Miller & Co has joined with Heights of Abraham (Matlock

Bath) to form Derby City Prop-

The TILBURY GROUP has

been awarded contracts worth

over £33m. Civil engineering

projects account for over £12m

and include four contracts

worth £5.2m for water authori-

ties. Building contracts are worth almost £6m. They

include a contract in excess of

£1.7m for Dicequote at Race-

course Retail Park, Aintree,

Liverpool, involving construc-

tion of 40,000 sq ft of retail

erties to manage the project.

Grevhound

offices

stadium into

Milton Keynes office block FAIRCLOUGH BUILDING has struct a four-storey office building in the centre of Milton Keynes for LET Offices of Lon-

Fairclough has undertaken to complete the 16,500 sq metre Witan Gate office development in 70 weeks - 8 weeks less than the time normally taken for

Joint developers Ladbroke City

& County, and Lynton, have awarded R.M. DOUGLAS a

£24m contract for construction

of the "One Stop" shopping

centre on the A34 at Perry Barr, Birmingham. Work on the project has started and is

due for completion in July next

year. The 350,000 sq ft develop-

ment on a 25-acre site will com-prise 40 shops, stores and retail

This rate of progress is achieved by splitting the job into two parts which are run in

parallel, one half mirroring the other, with two tower cranes and duplicate gangs. A feature of the building is tha cladding of polished red grante panels. Work on the

CONSTRUCTION CONTRACTS

warehouses arranged in a

U-shape around a central park-

ing area for 1400 vehicles.

Access from the A34 is a perim-

eter road serving both the car

park and service yards. Construction will be of struc

tural steel - founded on con-crete piles and vibro-com-pacted foundations - clad with

colour-coated composite pan-

els. A glazed walkway will give

access from the car park to the

Perry Barr shopping centre

cladding will start as soon as the third floor structure is To speed things further, the building is designed so that windows may be put in before the stone cladding starts, and work on the interior can be

undertaken at an early stage.

main entrances. The landscaping echoes the design of the building, with planter boxes of polished red

granite and grey granite pav-ing to match the rest of the central area of Milton Keynes.

external finish of brick and Portland stone. Work has started, for completion in May 1991, and includes car parking in the sub-basement and installation of three lifts and air conditioning. External work includes landscaping the central courtyard.

KIER INTERNATIONAL, part of Beazer National Construc-tion, has been awarded two contracts in the Caribbean. The largest is for a secondary school in Barbados (£2.3m) for the Government of Barbados. Work has started for completion in early 1991. The second contract is for a coastguard base and jetty in Calliaqua Bay, St. Vincent (£1.3m) for the Government of St. Vincent and Grenadines. Work begins in October with completion dur-

TRY CONSTRUCTION has been awarded an £11m contract to build the Buckingham Hotel in West London. The nine-storey bnilding will be con-structed behind a retained facade on the Cromwell Road. There will be 157 rooms, com-prising single and double bedrooms with bathrooms and 19 luxury suites, to Holiday Inn's specification.

"headquarters use" and com-prises two parallel wings of office space linked to form a central open landscaped court-yard. Four-storey glazed atria facing Midsummer and Avebury Boulevards contain the

The building is intended for

central shopping mall which will also have a glazed roof. The whole development will be set off by distinctive lighting

There will be a strong

emphasis throughout on ease of access. Shoppers using pub-

lic transport, for example, will

be carried by travelator from

the local bus station to the cen-tral mail with its range of

familiar high street stores.

and decor.

ing May 1990.

DIARY DATES

App Tot. Ind. Cupied NV One. Pro-

yerry Anchives, Hists Seltest, Vine Land Youley Street, S.E., 12.00 (188) Speakman, Le Talbooth, Dedhan

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12.5p Mag & Sons 6.1p (James) 8.78p n Yosin Group 2.8p m Mosiness Group 2.80p

Glesgow, 11.30
Marston, Thompson & Evershed, The Afoles Shobash Road, Burton-on-Treet, 12:00
Southwest Resources, Dominion House, 4
Paristics, Winshedon, 3.W., 10.00
Tootsill (R. W.), Durbert Way, Ayolitis Index yield Estates, Newton Ayolite, Cs. De barn, 12:00
Union Square, Ebbpsie House, 2 Swan Lange, C. 10.00
BOARD MEETENGE-learning

Takers
Young
ENVIORING AND INTERPRET PAYMENTEAmerican Business Systems 1.3p
EPS inde. 7p
Balcon Mining 0.51p
Buttonwood Berwary 2.85p
Chieste Group 0.50p
Do. 9% Frt. 2.1p
Cobovision 1.85p
Credit Ponder De Prance 10-2% Ott
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de Morgan Group 2.30p
Halma 1.31p

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SATURDAY AUGUST 18

DATES. 11.00 DATES AND INTEREST PAYMENTS.

Brunswick Corp. 11sts. Caterplier Store. Lase (John J.) 1,25p Marshot, Thompson & Evershed 2,42p SUNDAY AUGUST 20.

DIVIDEND AND INTEREST PAYMEN

COMPANY MEETINGS

COMPANY MEETINGS

COMPANY MEETINGS

COST Park, Hawcost Lane, Barran-In-N

COMPANY MEETING is (John J.), Albery Hi Gleegow, 11.30

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Anglo American Ind. Assoc. Herrican

FINANCIAL

COMPANY MEETINGS-seys. The George Hotel, Hu 12:00 ungs, Post Nause Hotel, Chapel Lane. Great Berr, Birelingham, West Midfands, 3.30 BOARD MEETINGS-Peaks:

F & C Enterprise Newsparket Vector

ON/EDEND AND INTERNEST PAY Amerahams Ind. 7.50 Asprey 4.7p Sanco Nacional De Manios 8 Sub. Nos. 1982 \$251.20 Sectionism Group 1.5p British Land 3p Channel Express Group 1.3p Cayle Slowers 0.85p DAS Ires. 65.5cs Deben Park Inds. 1.9p Constitution 1.8p

Great Western Pro-Do. 6 2.30 Hawtel Wolding Hidge. C.Tp Leisure town. 0.350 Merchants 7st. 1.725p Merchants 7st. 1.725p ional Westminster (Berz. 5) \$400.24 Essex, 12.00 BOARD MEETINGS

Prospectice Group 0.5p Sterling Inds. 2.8p TSB Change Intervie 1-

COMPANY MEETINGS Evertor. The Swelder Ho and, Derbyshire, 2.30 Chemier Consolidated, The London Intl. P Centre, 15 Shoe Lane, E.C., 12.00 Fuzze of Leeds, Coverns Hotel, City Sq. Leeds, 12.00 Particlet Group. The Servey Hosel, Str W.C., 12.00 Shelpo (Matrin) Group, The Parlovey H Shelton (Marria) Group, The Parkway Hotel, Otley, Leeds, 12.00 BOAND MEETINGS-Vanity

Evens of Leeds Intl. Communica art Pirst Sootiish American Tal

Abbott Labe, 35cts. Abrican: & European Inv. 8% Pril. 9.69967p Anderson, Strathclyde 8% Uns. Lt., 86/81 4 Angio American Int. Tst. 67 Barr (A. G.) 3.25p Britannia Bidg. Soc. Fig. 5227.04

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MSSCO invs. 1p
Nova Corp. of Alberta 13ch.
Royal Tst. Dollar Inc. Fd. Ptg. Hed. Ptf. 16ts.
Scottlah Metropolitan Property 2.25p
Do. 10 % % 1st Mtg. Deb. 20/9 8.125pc.
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Seers 71/4% Uns. Lo. 92/97 3.825po. See 7 17 19 Control of Sec 19

nes 64 % 90/92 3.375pc

COMPANY MEETINGS-Friendly Hotels, Commupht Rooms, &1-85 Great Opean Street, W.C., 11.00 Latham (James), The Institute of Directors, 118 Pall Mail, Sw., 12-30 Mountview Estates, Hotel Russell, Russell Square, W.C., 12-30 Scott Pickford, Holiday Inn, Altyre Road, Crowlord, Surges 15 CA Croydon, Surrey, 11.00 BOARD MEETINGS-

Trade Fairs and Exhibitions: UK

Gifts Pair (0473 622083) (until Angust 17) Hove Town Hall August 17-20

Antiques Fair (04447 2514) Kensington Town Hall August 26-28 Town and Country Festival

tember 8-6 Top Drawer Gift and Decorative Accessories Exhibition (01-727 1929) Akexandra Palace September 3-7 International Autumn Fair

Olympia International Carpet Fair (021-705 6706) Exhibition Centre, Harro-

(01-855 9291)

Offshore Europe Exhibition and Conference (01-549-5631) Abandam Sentember 10-15 International Menswear -MAB (01-437 8754)

Overseas Exhibitions

Raris Court

August 25 - Sept 1 World Fair for Beverage Tech-nology - DRINKTEC-INTER-BRAU (01-948 5166) Manich

August 25 - Sept 3 International Audio and Video Fair (01-930 7251) Berlin International Autumn Fair

(0875 398322) Show of the Nations Exhibition (01-977 3474) Vienna

September 13-14 Pre-Press Exhibition (0372 ptember 13-17. International Fisheries Indus-try Exhibition (01-948 9900)

Point of Sale, Merchandising and Display Exhibition and Conference (01.540 3491) Husiness Design Contre.

Chelses Old Town Hall

NEC Birmingham

Tara Hotel, London

Barbican, London

rustional Boat Show (0703

September 12-28

September 15-28

tember 17-18

ber 18-22 International Handling & Stor-age Exhibition (6896 58681)

DIY Trade Show (01-902 8585)

September 18-19 International High Definition Television Exhibition — HDTV (01-331 2005)

September 19-23 International Helicopter Tech-

nology & Operations Exhibi-tion (01-549 5881) Rednill Aerodrome

September 25-28 International Police Exhibition

& Conference (01-446 8211)

737311)

Antiques Pair (04447 2514)

Islington

Barls Court

September 14-34. International Motor Show

September 17-20 International Hardware Show QUOJEM (01-225 5566)

Business and management conferences

Management Centre Europe: The fundamentals of finance and accounting for non-financial managers (32/2/516.19.11) Brussels

September 3-7 European Society for Opinion and Marketing Research 42nd ESOMAR congress (Amster-dam +31.20.6642141)

Tolley Conferences: Payroll manager's review third annual

updating conference 1989 (01-860 5682) Loudon Prese Centre September 11 The industrial Society: Annual hours — principles into prac-tice (01-262 2401)

September 12 CBI Conferences: Pay and performance (01-379 7400) Centre Point, London September 13-14 FT: World Motor (01-925 2323)

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes to the details published

at Leeds

HIGGS AND HILL NORTHERN is working on a £3.5m contract awarded by Norquest (UK) to build 20 warehouses at the Norquest industrial Park, Birstall, on the outskirts of Leeds.

The development will provide 200,000 sq ft of industrial warehousing on an 18 acre site, close to Junction 27 of the M62.

ing in size from 5,000 to 48,000 sq ft. The units are of steel-framed construction with proin a landscaped area, complete with roads and street lighting as well as additional parking.

about £2.8m was awarded by Ship Canal Land for five-storey offices at Salford Quays, Man-chester. Westpile has orders worth almost £6m. These include a basement excavation and piling contract on the Isle of Dogs worth £750,000 for COR DOR. United Kingdom Con-struction and Engineering Co has contracts worth almost £4.6m. A pipework fabrication and erection contract (11,300 metres) together with equip-ment installation (300 tons), valued at about £1.4m was awarded for Cerestar at the Manchester refinery. Whittle Storefitters has contracts worth over £4m. Projects include a contract at about

TAYLOW WOODROW CON-STRUCTION has three contracts in London. At Whittington Avenue in the City a £11.8m eight-storey office build-ing will provide 72,500 sq ft. The second contract, worth £12.4m, is to develop a site in Charing Cross for the Metropolitan Police Office. A £7.69m contract has been awarded by the London Docklands Development Corporation to Taylor Woodrow for the final phase of the Canary Wharf Eastern space. Another project worth

Museum's Museum of Man-

Access road. Work on the 325 metre four lane section, linking a roundabont to the west of tha Prestons Road with the south side of the entrance to the Blackwall Basin, is expected to start this month with completion scheduled for September 1990. The scheme includes a 21.5 metre lifting single-leaf bascule bridge, 7 metres above water level, across the entrance to the Blackwall Basin. Tenders for the bridge construction are due to be returned in mid-August. The successful tenderer will be sub-contracted to Taylor Woodrow. On the north side, the road includes a 90 metre elevated approach to the bridge on a reinforced earth embank-£158,000 for the British

> SIR ROBERT MCALPINE & SONS has been awarded a £13.5m order by Standard Life Assurance Company to build an office block with basement and sub-basement at Cutlers Gardens, Middlesex Street in the City of London. On a 900 sq metre site, the "L"- shaped building, with a floor area of 7268 sq metres, will be part eight and part five-storey. Excavations will be to 8 metres below the road level. Construction will be of reinforced concrete frame and floors, with an

APPOINTMENTS

Crown Estate

■ Mr Christopher Howes has been appointed Second Commissioner of the CROWN ESTATE. He becomes chief executive, deputy chairman, and chief accounting officer. He was under secretary and director of the land and property division, Department of the Environment, and takes up his new post in early September. The Crown Estate is one of the UK's largest landowners, with a property portfolio valued at £2.1bn.

■ CONSOLIDATED GOLD FIELDS has appointed to the board Mr Anthony Alexander, Mr Anthony Cotton and Mr Peter Turner as representatives of Hanson.

■ MIM, fund management subsidiary of Britannia Arrow Holdings, has appointed the following executive directors:
Mrs Sarah Bates, Mr James
D. Ross, Mr Simon C.G.
Stevens, Mr Philip R.
Ehrmann, Mrs Alison M.
Powell, Mr Peter S. Dawson,
Mr Keith F. Hersett Mr Pale Mr Keith E. Hewett, Mr Baka K. Patel, and Mr Ian J.R.

■ PYRAMID TECHNOLOGY CORP has appointed Mr Matthew Wallis as managing director of its UK subsidiary. He was deputy managing

■ Mr Kenneth A. Wabster has joined the board of CAPITAL VALUE BROKERS as a non-executive director. He was deputy chief executive of Yorkshire Bank finance and leasing companies.

■ Mr J.D.D. Ogilvy, chief executive of Foreign and Colonial Management, has been appointed to the board of the reserve of the parent company THE FOREIGN AND COLONIAL INVESTMENT TRUST.

■ Mr Tim Kimber has been appointed to the board of MARTIN CURRIE PACIFIC TRUST. He is a non-executive director of Lazard Brothers. and other directorships include Japan Ventures, Noble and Co, and New Zealand Investment Trust.

appointed executive chairman of GUINNESS FLIGHT AND CALDER S.A.R.L., Guernsey. Mr Keith Turberville has been appointed managing director, and Mr Bruce Riley and Mr Howard Flight have become joint deputy chairmen. Mr Calder is an international lawyer, and was senior nartner of Maples and Calder, a Cayman Islands law firm.

Commissioner WARRINGTONS has appointed Mr David Acland

as group financial controller. He joins from Crossley and Davis, and has prime responsibility for the financial affairs of the Chester Business Park, and the housing and joinery divisions.

■ Sir Kenneth Couzens has been appointed a non-executive director of CREDIT LYONNAIS CAPITAL MARKETS. He is chairman of Coal Products and was deputy chairman of British Coal from 1985 to 1988.

■ Mr John D.A. Zarno has been appointed to the board of the HALMA machinery and services division. He is managing director of subsidiary Kerry Ultrasonics.



Mr Adrian Johnson (above) has been appointed director of LEGAL & GENERAL VEN-TURES, the company's venture capital arm. He was an invest-ment director at 3i.

■ ELEMETA, a curtain walling company, part of Conder Group, has appointed Mr Stephen J. Field as construction director. He joins from Lesser Design & Build.

Mr David Yeomans. managing director, Wincanton Group, has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S transport policy committee.

MECCA LEISURE GROUP has appointed Mr Nick Letchet as group financial controller. He was a senior audit manager with Arthur Andersen, ■ ROCKWOOD HOLDINGS

has appointed Mr Jeremy Furber as director - human resources and communications. He was managing director of Bond's Delivery Service, part of the

Advertising agencies' image on trial as lawyers face new-found freedoms

By Robert Rice, Legal Correspondent.

A REPORT on the legal profession argues that successful law firms of the future will be those which make the most of new-found freedom to adver-tise and market their services. The report, entitled Does the The report, entitled Does the Legal Profession Need Marketing or Advertising? is by Primary Contact, the UK business-to-business advertising subsidiary of Ogilvy & Mather. It argues the advent of the aingle European market will be a contact the contact of the c

bring great opportunities for lawyers advising British and international companies. But the competition to provide lagal services will also increase. Lawyers will face additional competition from accountants operating as one-stop multi-disciplinary partnerships. In that competitive environ-

ment, reliance on personal contacts, brochures and seminars for building image and aware-ness will have to be replaced ness will have to be replaced by planned, integrated market-ing through personal mailings, public relations and advertis-ing, the report says.

Firms that adopt this approach will gain a consider-able competitive advantage over their rivals.

over their rivals. There is no doubt that the legal profession is conscious of the greater competition for the provision of legal services and the need for law firms to mar-ket themselves to remain com-

There can be few law firms, for example, which do not employ or have not used public relations consultants. The trend is towards the appointment of internal marketing executives, part of whose job is to teach lawyers

whose job is to teach lawyers in tha firm how to present themselves to clients and potential clients and how to pitch for business.

However, competition for the provision of legal services has not happened overnight. Law firms have been coming to terms with it throughout the eighties. What is more, the restrictions on advertising by the profession began to disappear as long ago as 1983. In 1967 all remaining restrictions on solicitors' advertising were being swept away.

being swept away.
Yet few solicitors have chosen to advertise other than for recruitment purposes. Why does Primary Contact feel they are likely to be persuaded of the wisdom of doing so?

The agency points to the US for examples of how advertising by lawyers has produced great benefits. Lawyers have been able to advertise in the US since 1977 and now one in four of the 713,000 practising attorneys uses advertising in some form or another. In 1987

some form or another. In 1987 they spent \$60m (£38m) on television advertising alone.
Successful advertisers deliberately aim to "demystify the law" and to position themselves as approachable professionals on the side of the gen-

add that the ones that spend the most are the personal injury lawyers. They are prepared to spend hundreds of thousands of dol-lars on advertising because they can afford to and because

advertising can show tangible results. It is the US legal sys-tem that makes this possible, In the US last year there were more than 15 personal injury awards of over \$10m, the highest topping \$30m. Nearly all personal injury

There was a Florida lawyer who used to drive around in a hearse with No Frills Wills \$15 daubed on the side

LEGAL COLUMN

eral public.
It quotes the example of Mr Norton Frickey, a Denver attorney whose TV advertise-ments pack real punch. He dons boxing gloves to deliver his slogan "We're in your cor-

There was a Florida lawyer who used to drive around in a hearse with No Frills Wills \$15 daubed on the side, and a Mar-yland lawyer who promised to buy you a \$100 bicycle if he failed to get you off your drink-driving case .

The report says in the US some lawyers have improved the lot of the general public, and made a great deal of money for themselves in the process, at the expense perhaps of part of their dignity. It will be interesting to see how many British lawyers see that as a fair trade."

The problem is that the American example does not translate to the UK. To suggest that it does is to overlook the fundamental differences between the two legal systems. The report is right in pointing out that those lawyers who advertise in the US are primar-

ily concerned with what Brit-ish lawyers term private client work. It could have gone on to

fee basis with lawyers taking up to 40 per cent of anything they recover in damages for the client. Awards are high the cilent. Awards are high partly because they are determined by juries and partly because in America it is possible to award punitive damages. It is not difficult to see that it is worth spending \$400,000 or \$600,000 on advertising each year if it brings in the one case worth \$10m or more in damages.

work is done on a contingent

Awards of that size have fuelled the litigation explosion in the US and led to such ridiculous cases as the Connecticul man who sued a ladder manufacturer for \$3m after ha fell off and injured himself.

He argued that the manufac-turer had failed to provide a general warning.

These cases in turn have led
a number of states, including
Ohio and Florida, to consider

new restrictions on lawyer advertising. In the UK, awards are made

by judges not juries. Last week's record £1.2m award pales into insignificance beside US levels of damages. UK law-yers are not allowed to take cases on a no win, no pay, contingent fee basis.

When the law reform white paper becomes law they will be allowed to "spec" fees, agreeing to charge their normal fee with a slight uplift if they win the case and nothing if they lose. If they lose their clients will nevertheless still have to meet the winning party's legal meet the winning party's legal costs. If these UK lawyers could afford to advertise it is

worth the expense.
What about the large US law firms with fee incomes of more than \$400m a year. Do they advertise? Surely they can afford to. No, they do not. Most of

doubtful if the return would be

them do not even employ the services of public relations con-sultants and virtually none of them produce law firm bro-chures considered almost oblig-atory in the UK.

Are the large and medium-

sized UK law firms going to advertise? It seems unlikely Until law firms start to incorporate on any significant scale advertising budgets have to come from the pockets of indi-vidual partners. For every part-ner who feels it is worth part-ing with his or her own money to advertise the firm and its work there will be one who does not. Agreement on such issues is notoriously difficult to achieve.

Lawyers also remain to be convinced that advertising and legal services go together. The problem has as much to do with clients as anything. In buying legal services clients do not want to be left with the suspicion that rather than choosing the best lawyers they have merely chosen the law firm that was best at selling

No doubt law firms will start to market themselves on a more sophisticated basis and no doubt that will help a firm once it gets into a beauty parade in its defined market area. But it will still be track record, reputation, word of mouth and depth and breadth of experience in the specific area concerned, which take the firm to the parade in the first

The irony is that advertising agencies which make their liv-ing out of selling messages. ideas and images are still such a long way from convincing lawyers that they need the power of advertising to survive in the competitive anvironment of tomorrow.



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■ Mr Douglas Calder has been MORGAN GUARANTY TRUST COMPANY

ARCHITECTURE

Some questions Mr Patten should ask

Colin Amery proffers his advice to the new Environment Minister

hen the Prime Minister decided to have her reshuffle and unbundle the cabinet before the summer holidays, her plan was not to leave her ministers in a state of limbo on the beach. Now that they all know what their new responsibilities are they can spend their vacations planning future policies for their departments. It may be helpful for Mr Chris Patten to start planning the agenda for the Department of the Environment while he is slowly turning

Environment while he is slowly turning green on some sunny unpolluted strand. Faced for the first time with the multifarlous and diverse responsibilities of the mammoth Heathite ministry, there is one question that is worth pondering. Mr Patten might usefully ask himself. Who designs the environment? If he was to tour the kington looking out of the to tour the kingdom looking out of the windows of a train he must, like the Prince of Wales, want to know how things

Table 16

The state of

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There is a very strong case indeed for a total revision of the planning system. The decision to call a halt for the moment on the proposed abolition of County Structure Plans indicates a welcome will never to think some will never be to think some to the welcome willingness to think again. But it must be a very profound rethink, starting from a review of who exactly it is who designs our surroundings.

Take the case of an average office:

block. They are largely designed by estate agents, pension fund managers and developers. There is always a terrible moment when all parties concerned with a commercial development sit around a table or a flip chart and decide whether

or not a particular project will "stack-up."
Now, "stacking up" is not an architectural
term. It is purely a developers' shorthand
that will decide whether or not something
is going to work financially.

Of course everything must make economic sense but where does the design element come into the "stacking-up" equation? It is always very low on the agenda and is seldom very well understood. There will probably be an architect at the developers' meeting, but his role will be so circumscribed that his activity will largely be confined to producing something that is familiar and easy to build.

and easy to build.

Once everyone is happy about tha economics, the "design" is then vetted by a group of more or less democratically elected laymen. These planning committees are usually very unaware of the visual consequences of their decisions. Although official circulars technically discourage these planning committees from making aesthetic decisions it is, in practice, hard to stop decisions it is, in practice, hard to stop then airing their prejudices and

exercising delaying tactics.

The vision of Britain that we see is never just the result of architects activities. More often than not the compromised mediocrities that pass for new buildings are the product of a fatal combination of market forces and ignorant lay committees. Mr Patten could suggest that planning committees get a little architectural education. It is perfectly possible to learn visual awareness and to understand the

But it takes some effort - like learning the difference between good and bad wine, or understanding how to appreciate music or pictures.

In the absence of trained discriminators there is always a temptation to impose rules, codes and safeguards. Mr Patten should consider the idea of basic principles that emphasise the simple truth that there are objective standards of quality when it comes to design. This is not a call for uniformity or for the kind of rules that were once applied in Tunisia, when every building was, by presidential decree, painted white and blue. The right sort of careful rules that recognise the essential local qualities of a place can be prepared. They have to be local, subtle and easily understo

If the rules are national, arbitrary and comprehensive, they will not work. Mr Patten will not, I hope, have the apparently cavalier attitude of his predecessor towards building in the countryside. This island is very small and densely populated. Mr Nicholas Ridley took a perverse pleasure in pointing out the minute percentage of the land mass that was actually built up until someone wanted to spoil his

own Gloucestershire view. The whola country is everyone's backyard. It is small, tightly planned and precious. The spread of the idea of the new village is one that deserves careful encouragement, but there is little point in villages as the new suburbs. There will be a growing need for small scale workplaces close to houses and for community facilities that are local

and make for neighbourliness. Mr Patten has to find ways of improving the design of houses. There is less and less need for the standard developers' house type and more and more need for flexible individual houses. Architects, too, need to be much more involved in the advance of housing design, which has barely moved since the First World War when "Das Englische Haus" became a model for Europe. It could do so again. The British are good

at domestic life and an improved setting

ARTS

for it could be a priceless export.

When it comes to cities and transport, how is Mr Patten to grapple with ten years of opportunistic growth and inadequate public and private investment in the infrastructure? The lack of pride in an ungoverned capital city has somehow to be reversed. London has genuinely suffered from the appalling decline in its public services. The development of Docklands may have been fast, but it is no model for the future. It was consciously unplanned and built only to a short term "stacking

It is the pursuit of design and architectural quality that must preoccupy the new minister. He could be seen to have a positive enabling role that only encourages the good. But to do that he has to recognise that so many of the forces that are at work on the environment today are merely tha forces

of expediency.
His role is to transform expediency into excellence. He has the power - may ha have the vision too.



First sightings on the Edinburgh Fringe

One of our more satirical stand-up comedians accosted me in a Festival watering-hole on Saturday night and complimented me on my anorak. I patiently explained to him that I was not wearing it for sarto-rial effect, but for protection against some of his more impertinent colleagues on the

fringe.
I had hardly stepped off the sbuttle from London before being twice squirted at: first, by a feminist double act wielding a water pistol while impersonating the Kray Twins; and secondly; more dangerously, by the foul-monthed Glaswegian comedian Gerry Sadowitz who closes his brilliant new show at Heriot Hall (more of which anon) by lifting his kilt and "urinating" over the paying customers from a giant prop-

s folks, it's Edinburgh Festival time, and that means to ical events, the story has the hell with fashion tips and on with the anoraks and walking tragedy (Mary Smart comes to shoes. There are over 1,000 mind) and the glacial confringe shows on offer, presidenced wit of Chillord at his ented by over 500 companies in

Where to start? Tradition dictates the Traverse, now under the new artistic direction of Ian Brown. But something is up. I have been here two days and still not bumped into its founding director, Jim Haynes; and the famous bar has been tragically replaced with a aecond anditorium while the former studio, downstairs, has been converted to an awkwardly arranged, unwelcoming cafe.

None the less, the Traverse promisas mucb already. Brown's first production con-tinnes his predecessor's link with John Clifford and makes a glorious connection with the Spanish theme of the Festival proper. Clifford's Ines De Castro is a sombre, beautiful play about the political martyrdom of a Portuguese prince's Span-ish mistress. Based on a historical events, the story has the sober majesty of a Schiller

non-whimsical best.

Paul Brown'a design contains the action on a raised platform and a mobile grilled cage, so you have the sensation of being simultaneously in a prison cell, on the scaffold, and beside an ecclesiastical cata-falque. The atmosphere is imbued with fire, chimes and

Alison Peebles is superb as Ines, fending off the spirited, argumentative assaults of her nurse (Una McLean), a wronged wife (Hilary Maclean) and the Portuguese court, before her bizarre resurrection to receive a vow of allegiance.

The greatest compliment I can pay Ian Brown is that Jenny Killick herself, Clifford's Jenny Killick herself, Chifford's staunch champion, could not have directed the play with more grace or dignity. Blending in. a first theatre piece by Bon Butlin, translated from the French of Michel Vinaver, and using five of the six excelent actors in less the Control is lent actors in *Ines De Castro*, is a mistired mix of Celtic work

Kim Dambiek's production is set in the after-sales service department of a small firm manufacturing kitchen hlenders. A new girl is on a trial

apprenticeship, two typists gos-sip and bicker, the office boss officiates officiously between the management and the work force, the technician is an object of amorous rivalry. Meanwhile, there are rumours of mergers, modernisation,

This is old territory, all of it covered with more success by countless writers from Alexander Buzo and Barrie Keeffe to John Byrna and Frank McGuinness. Butlin's play is forced, kicking, to follow Vinaver's trail, and the concinding scenes are fraught with unlikely resolutions. Five grey, interlocking desks, moved silkily around to the music of Bach, are finally isolated from each other in symbolic deference to the destrucbolic deference to the destruc-tion of a small family business.

Moving on, Glad-Rag Dolls at The Playhouse Studio sounded a good tea-tima bet, a cabaret set in a "seedy Soho" featuring the songs of Cole Porter, Duke Ellington, and Billie Holliday, Unfortunately it also include three excruciatingly spun-out hard luck stories of a bag-lady, a transsexual and a lonely drag artiste. Everett Scott is a notable presence.

I have encountered two "inverted" feminist plays, each a two-hander, each disappointing, verging on the feeble. At St Columba's by the Castle, the Red Rose Theatre from Lancaster are mounting a vey full pro-gramme, including the water-squirting gangster double-act, Kray vs Kray. The authors, Suzanne Manners and Arabella Sawyer, itemise a familiar Kray roster of mother fixation, boxing, sexism and violence, deeming to "expose" all that by casting two actresses as the psychotic dno. Tall Reg (Natasha Gordon-Dean) and Ron (Adele Fowles, a per-former of real talent) lack nas-tiness and, well, penetration. In the Assembly Rooms, the

In the Assembly Rooms, the much-hyped Onan, by and with Robert Llewellyn and John McKay, is convincing only in its titnlar, masturhatory aspect. It is a hold-all of hright cliches emanating from the proposed publication of a radiproposed punication of a ran-cal pornographic magazine. I soon went right off the right on sniggering, which even includes the fantasy "radicalis-ation" of the muck-truck driv-ers who throw in their jobs and emigrate to sava the whale.

More whale of a time to be had in the same venue with Peta Lily and David Glass, working in beautiful tandem working in beautiful tandem on a captivating distillation of Moby Dick. Whale is the sort of show I spend all year not seeing and am very glad to catch at the Edinburgh Festival. This haunting, magical piece of total theatre, well directed by Leah Hansman is worth Leah Hansman, ia worth twenty *Onans* and is confi-dently recommended to all

Calisto, Traviata and Der Rosenkavalier

SANTA FE

ovelty is nicely hlended with hlended mainstream repertory at Santa Fe. Alongside Chérubin and A Night at the Chinese Opera, the current season offers La Traviata, Der Rosenkavalier and La Calisto. To judge from photographs from previous years, a conservative approach to staging is the norm - no deconstruction here - and that tradition continues this year, with only Calisto venturing outside strict period

directed by John Copley, raised far fewer prohlems. Both operate within standard, workmanlike designs (by Robert Perdziola and John Conklin respectively), and if neither offered arresting new insights, they contained no glaring solecisms either. At one point Copley's Traviata looked likely to turn into something blacker and far more unsettling - when the exuberance of Flora's third-act party took on a distinctly threatening demeanour - but that proved to be only a temporary excursion and the final act was played out with the usual rites carefully

It was dominated by a most impressive Violetta from Sheri Greenwald, strong-minded in the first act and never too vulnerable, but moving in a believable, compromised way and sung throughout with control and a fine sense of style. The Alfredo was Richard Drews, a Santa Fe regular who was inclined to push just a little hard at climaxes but is Michael Coveney

personable and makes a pleasing sound. The Germont pêre of Brent Ellis was

smoothly sung, but stagily characterised – the older men in this clutch of Santa Fe productions at least have invariably been hrought close to caricature. John Fiore conducted, without too much subtlety but provided the singers with solid support. Der Rosenkavalier also had a

first-rate vocal core, led by Ashley Putnam singing ber first Marschallin. The trend towards younger Marschallins surely reaches a oew level with Putnam — she cut a marvellously elegant figure, so propriety.

If there were serious shortcomings in the presentations of the Massenet and Weir on which I've reported so far; Traviata and Rosenkavalier at least, both Parrish, Jeanne Piland made a directed by John Conley, priced. robust Octavian, less dashing than some but eager and full hearted; the Ochs of Eric

Halvarson was hy no means as hroadly comic as one might

have feared, but well sung and never over-egged.

The conductor was Santa Fe Opera's onlie begetter John Croshy. Strauss is evidently his first love; this was the 26th staging of the composer there. His work is enthusiastic rather than refined, often wayward and slow; at several times it seemed as if the singers were urging the tempo forward. In what is one of the most wordy of all operas, though, an impressively high proportion of the text came over. This extraordinary opera house, part open to the skies, treats

voices well; everything tells, and in Rosenkavalier that is always a definite advantage.

It is hard, however, to summon up any enthusiasm at all for John Cox's view of La Calisto, which ranks as the most vulgarly offensive opera production I have encountered since Covent Garden's L'Italiana was unveiled in January last year. Unfortunately Calisto was

matched hy a musical performance, conducted hy Justin Brown, of almost equal crudity. In other circumstances there would have been some point in protesting the continued use of Raymond Leppard's performing edition, whose crusading work is all done by now, and which should leave the way clear for other, less tendentious realisations. But the brush strokes were so broad, the rhythms so soggy, the singing so lacking in any kind of style that such musicological niceties seem irrelevant. Cox's production appeared to

have started out as some kind of post-Holocaust allegory, with gelger-counter brandishing gods and ragged, radiation-sickened mortals. With the lights of Los Alamos, nuclear explosion, twinkling in the mountains through the open rear of the stage, that would have added an agreeably ironic edge, hut such ideas were virtually ahandooed after the first scene, and everything was allowed to degenerate into unpleasing and unrevealing

Diana was played (hy Tatiana Troyanos, not well cast) as a cigarette-touting lesbian, Mercurio (hy Mikael Melbye, ditto) with preening melbye, ditto) with preening self regard; Linfea (Jobn Fryatt) hecame a pantomime dame. There was an untarnished if anodyne Calisto from Janice Hall, perky Satirino from Kathryn Gamberoni, and some simply dreadful chorus work; the arrival of the furies as a gang arrival of the furies as a gang of punks with spray cans, intent on transforming Calisto, was not at all the image one wanted to carry away from this uniquely sited and inspiriting

Andrew Clements

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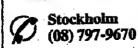
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London

The Proms. Works by 114 composers will be heard during this year's Promenade Concert season which continues until September 16. Most concerts take place at the Royal Albert Hall aithough St Paul's Church, Knightsbridge, and Kensington Town Hall are also used. Tickets for most concerts cost from 53 for most concerts cost from £3 to £11 and can he booked on 589 to £11 and can he booked on 589
8212, 589 9465 (10am-6pm) or 379
4444 (24 hours); promenade tickets are available only at the door
on the day of the concert priced
at £1-50 or £2.

This week sees Klaus Tennstedt
conducting Beethoven's Ninth
(Mon); and the BBC Symphony
Orchestra play Bartók, Birtwistle, and Stravinsky (Thur).

The Festival of Paris. Clarinette Guy Deplus, Quatuor Ludwig. Beethoven, Shostakovitch, Brahms (Tue) Auditorium des

twistle, and Stravinsky (Thur).

Halles. The Festival of Paris. Orchestre des Rencontres Lyriques de Luchon conducted by Jean-Claude Hartemann/Pierre Doug-las, with Maryse Charpentier, (piano) (Thur) Auditorium des Halles (48049801, in English

47208898). Paris ars Antiqua. Music of the troubadours, 15th century musi-cat the court of Burgundy, 16th and 17th century court and vil-lage music (Mon), music from the Crusaders period, Guillaume de Machant 14th century, golden age of Spanish music 16th cen-tury (Tue, Thur). The ars antiqua concerts take place at 7.15 pm and 9.15 pm in the Sainte Cha-pelle with its jewel-like 13th cen-tury windows (43405517) 4, Bd du Palais. Flute recital by gabriel fumet. C.P.E. Bach, J.S. Bach, Tele-mann, Debussy, Varese (Wed) Sainte Chapelle (45231825).

Summer festivals

in France.

La Chaise-Dieu in Auvergne, Aug 23-30 (71000116). Saint Jean-de-Luz, Aug 30 - Sept 16 (59260316). La Roque-d'Antheron, Aug 1 - 23 (42506115). Menton, Aug 5 - 31 (93575709).

Brussels

Francois Houtart (organ) Hans van Dael (cello) Lucy Grauman (mezzo) 17th & 18th century reli-

Montepulciano 29th Festival of Organ Music,

in Tuscany. 14th Cantiere Inter-nazionale d'Arte – founded by Hans Werner Henze in 1976. Closing concert (Sat) at the Tempio di S. Biagio, a mass, "Argentum et Aurum" by the eclectic flem-ish composer, Heinrich Isaac, who spent much time at the court of the Medicis, elaborated for four voices (Nicolas Howard, Andrew Watts, Niall Morris and Michael Harpham), organ and orchestra (the London Parnassus), conducted by Markus Stenz. Until August 14 (717092/758218).

Haydn Sinfonietta Wien, conducted by Manfred Huss. Bee-

thoven. Grosser Redoutensaal. (Mon). (Mon). Katowice Radio Symphony Orchestra, conducted by Manfred Honeck, Mahler, Dvorak, Arka-

denhof. (Tues, Thurs). Wiener Mozart Orchestra in his-torical costume. Konzerthaus.

August 11-17

New York

Mostly Mozart Festival Festival Orchestra conducted by Trevor Pinnock with Simon Standage (violin), Nancy Argenta (soprano), Ingrid Attrot (soprano) and Jean Stilwell (mezzo-soprano). Vivaldi programme (Mon): Tokyo String Quartet with Ralph Kirshbaum ('cello) and Joho Kimura Parker (piano). Beethoven, Mozart, Schubert (Tue); Festival Orchestra conducted by George Cleve with Joshua Bell (violin) and Horacio Gutierrez (piano). Mozart pro-gramme (Thur). Avery Fisher Hall. (874 2424)

Ravinia Festival. Jorma Hynni-nen baritone recital with Ralf Gothoni (piano). Schubert programme (Tue); Tokyo String Quartet with Ralph Kirshbaum ('cello). Schubert programme (Tue), Shostakovich, Borodin, Tchaikovsky (Thur), Highland Park (728 4642).

New Japan Philharmonic Orchestra, conducted by Ken Takaseki. Beethoven, Tchaikovsky, Brahms. Suntory Hall (Mon)

Des Canyons aux Etoiles

Messiaen's ornithological epic in which diverse twitterers wing their way from Utah's Bryce Canyon to the Celestial City — has become the London Sinfonista'a party piece. On Friday, David Atherton led them through its dozen hectic movements and Paul Crossley took on the arduous, pummelling piano solo. The result was a coruscation of extraordinary sounds and yet — for all the brilliance of the performance - as uninvolving and unsatisfying a musical experience as

one could fear to have.

To be moved by Des Canyons aux Etoiles you would have to share the composer's peculiar combination of obsessions and hence not only be able to find birdsongs - or at least their instrumental recreations musically compelling in them-selves, but be willing both to feel the divinity in each and every warble and embrace the gintinous Catholic theology hy which, for Massiaen, that divinity is explained. Otherwise you must simply make what you can of an extended sequence of hard, hright, novel noises — a collection of sonorous images tirelessly exhibited and rearranged, but never amounting to more than the sum of its parts.

In a sense this makes for easy listening. Messiaen's for-mal shapes and symmetries are obvious and functional rather

than profound or expressive. The specific content – the notes, rbythms and colours, with all their hurden of symholism and onomatopoeia are what matters, and there is no sense of a developing argu-ment to worry about. The third of the three parts seemed to add nothing of importance. The atheistic listener was always in the position of merely examining a book of musical samples; or, to use a more apt metaphor, of admir-

ing a new church organ, its mixtures and mutation stops, its limitless capacity for effect.

Many of Messiaen's images were fun the first time; his play with wind, machine and play with wind-machine and geophone and thunder-sheet bad momentary grandeur, while his resources of hirdsong mimicry were always astonish-ing so long as you could think yourself into a scientific way of listening. His sonorities have a hiting force, hut you may resent being hitten all the time. Certainly, when the sec-ond of the two long, metallic piano solos came round l grew weary of my punishment, though I admired Paul Crossley's power to administer it. The horn solo movement, "Ioterstellar Call," was superbly presented by Michael Thompson, and seemed to go on for ever and ever.

Paul Driver

FINANCIAL TIMES

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Containment not enough

Ireland 20 years ago today. They went to protect the Cath olic community from attacks by over-zealous Protestants who were resentful of Catholic demands for clvil rights. They remain today for rather differ-ent reasons. The main purpose of the British military presence in Northern Ireland now is to combat the IRA, an organisation that did not exist in any-thing like its present form in

Much else has changed as well. There has been a gradual improvement in relations between Britain and the Irish Republic, partly as a result of both countries belonging to the European Community, and partly because successive Irish governments have realised that the IRA is potentially an even greater threat to the sta-

even greater threat to the sta-bility of the Republic than it is to the United Kingdom. No malnstream Irish political party now lays claim to a united Ireland in the foresee-able future: hence the Anglo-Irish Agreement of 1985, which explicitly states that there will explicitly states that there will be no change in present arrangements without the con-sent of the majority of the peo-

At the same time, there has been an estrangement between Britain and Ulster. Northern lreland is under direct rule, which is not how a part of the United Kingdom should be run. The leaders of the Unionist parties still refuse to accept the Anglo-Irish Agreement.

Professional gunmen

The IRA has moved from amateurism to professionalism. Whatever its protestations to the contrary, it has come to believe in violence for its own sake. Although It relies on no more than a few hundred activist supporters, it is capable of striking in Ulster, Britain and even continental Europe.

It is therefore entirely understandable that a primary aim of British policy should be to reduce, or at least contain, the violence. Indeed some of the British commentaries on the 20th anniversary of the deployment of the troops have suggested that containment is the only policy available, and

TROOPS went into Northern may remain so for years to

There is an unhappy flashback here to that phrase of the mid-1970s: "an acceptable level of violence." Containment, even if it is achievable, is not in itself an adequate policy; in fisch an adequate policy, nor is relying largely on secu-rity measures. The unrest in the late 1960s came ahout because there was discrimina-tion against the minority com-munity. Some of it still exists: in housing and jobs, for exam-ples. Moves to eliminate dis-crimination will not kill off the IRA overnight but they should IRA overnight, but they should be taken in their own right.

Civil liberties

It is sometimes said that having to comhat terrorism has had a harmful effect on civil liberties in Britain. And it is true that there have been some cases where justice has not always been seen to be done. The shootings in Gihraltar and government attempts to censor television coverage of some Irish events have left a disturbing taste. On the whole, bowever, the British have stood up to the Irish troubles with remarkable tolerance. There has been no outbreak of anti-Irishness, and respect for the Irish Republic has probably

A greater danger than intol-erance is indifference: the turn-ing of the blind eye to Northdiscrimination to develop in the first place. Ulster has seldom been at the top of the political agenda, and then usually only in security terms. No wonder the University feel wonder the Unionists feel rejected when so few British politicians visit the province. The Conservative Party is toy-ing with the idea of playing a more active role in Ulster poli-tics on the ground. Perhaps the Labour Party would like to fol-Labour Party would like to follow suit. For something is needed to prod the Unionist leaders hack into the real world. There is a touch of Mr Arthur Scargill in Mr Ian Paisley that ought to be exposed. Unionist leaders cannot indefinitely claim to be British while nitely claim to be British while rejecting everything that the British propose, and devouring an excessive share of British money to boot.

A decade of privatisation

THE wildest enthusiasts for Mrs Thatcher's new govern-ment in 1979 cannot have believed that, 10 years later, she would have denationalised some £25hn worth of assets and be set fair to abolish the state ownership of industry altogether. By 1992, when the proceeds

from privatisation are expected to have reached a fifth of the present national debt, an irreversible change will have swept across the British economic landscape.
As the Organisation for Eco-

nonuc Co-operation and Development remarked last week, it is too early to judge the success of the latest and most con-tentious phase in this grand strategy - the sale of large public sector monopolies. Nev-ertheless the OECD and others are starting to fill in the score card, and important lessons can be learned. Most obviously, a clear distinction must be drawn between the sale of com-panies like Britoll or Rolls-Royce, which belong nat-urally in the market sector, and of those industries that competition cannot easily reach. Up to 1983 the businesses sold were generally competitive; and this phase was a great success.

Perhaps for this reason, the Government underestimated the difficulties of allowing the hig monopolles to set sail before the profit motive, and was dismissive of the arguments for hreaking them up. Not only do they escape normal competition, but, as the OECD hints, a bad utility management may be even more secure in the private sector than under public ownership. Diffusely held shareholdings, the companies' large bulk and special "golden shares" make most managements all but invulnerable to the threat of a take-over.

Regulatory discipline

Consequently, the sharpest discipline is likely to be applied by the government-appointed regulators and by pub-lic pressure. The Government hoped to minimise regulatory interference by subjecting the industries to relatively simple price formulae. It is clear now that regulating these powerful monopolies will be much more complex than was envisaged at the start of the programme.

In both telecommunications and gas the scope of regulation has steadily widened. In the plans now laid for selling elec-tricity and water, it is especially clear that regulation must move far from the origi-nal concept. Pricing formulae must be hased on a view of what would be a reasonable return on assets and desirable levels of investment, and as the gas industry regulator has discovered, this requires a detailed appraisal of the indus-try's financial performance and strategy.

British-style regulation, administered by small Govern-ment-appointed offices under the eye of the Monopolies Com-mission, has so far proved a success, mainly because of the quality of the top men. But the system is correspondingly vulnerable to weak appointments. As the going gets tougher, the regulatory process will need to be made more open and more explicitly responsive to public pressures, without swamping it in US-style litigation.

Open windows

These future problems must be set against the hig benefit of throwing open the windows on industries which bave long remained shuttered from public view. Public ownership did not, it turns out, result in effective public scrutiny or control. Discriminatory gas prices, the financial horrors of nuclear decommissioning, the derelic-tion of the water industry and the profounder implications of telecommunications technology have all come into much sharper focus as a result of pri-

In the longer term, however, the programme will be justified only if it delivers better service at lower prices. The Govern-ment has wasted opportunities for achieving this by enhanced compention; it has paid a high price for encouraging popular share ownership, which could have been done better in other ways; and it has seemed more interested in the politics and promotion of orivatisation than in the tougher oroblems of organisation, control and the management of the indus-tries. The shuffling of the min-isters in charge of water and electricity at a critical phase may illustrate just such a cavalier attitude to detail. The change should be used as a chance to pause, reflect on past lessons, and ensure that this time they are properly applied.

John Elliott reports on Taiwan's booming stock market and economy

mother hands a thick wad of dollars to her small child and points to a woman broker standing behind the counter on one of Taipel's high-tech stock trading floors. The hroker smiles, beckons, and the child lobs the money over the high counter, placing a 230,000 order for its mother on a Taiwan stock. a Taiwan stock.

The woman was one of thousands

of speculative punters, many looking far from affluent, who sit every day in Jardine Fleming's and other stockbrokers' modern trading floors around Tapei, watching hanks of video screens for investments to turn round in a few hours. In their briefcases and shopping bags they have tens of thou-sands of Taiwan dollars to gamble on a stock market that has more in com-mon with a casino than a source of

mon with a casino than a source of long-term investment.

Jardine Fleming handles the equivalent of US\$8m (£5m) an hour during the market's three hours' daily trading. For Taipei it is a small operation with only 0.35 per cent of the market's turnover. But Mr Blair Pickerell, the firm's country manager estimates.

turnover. But Mr Blair Pickerell, the firm's country manager, estimates that its 0.35 per cent is equivalent to about 50 per cent of Malaysia's entire turnover or 25 per cent of Thalland's.

"People have changed their value concepts. We have developed a casino mentality of people desperate for quick returns," says Mr Vincent Slew, vice-chairman of the Council for Economic Planning.

vice-chairman of the Council for Economic Planning.

"We are suffering the growing pains of too much money. This desire to make quick profits in a few hours is against the working ethics of Chinese people who are noted for patience, diligence and hard work." says Mr James Chu, spokesman of the ruling Kuomintang Party (known as the KMT). "People are saying "Why should I work in a factory or office for a regular salary when I can make quick profits in the stock and property markets?" This is having a negative social as wall as economic impact."

impact."
Yet despite these growing pains,
Taiwan is emerging as a significant
Asian economy with great strengths
and optimism about tha future. Although it is not internationally recognised as a sovereign state hecause it is claimed by China, it behaves and feels like an independent

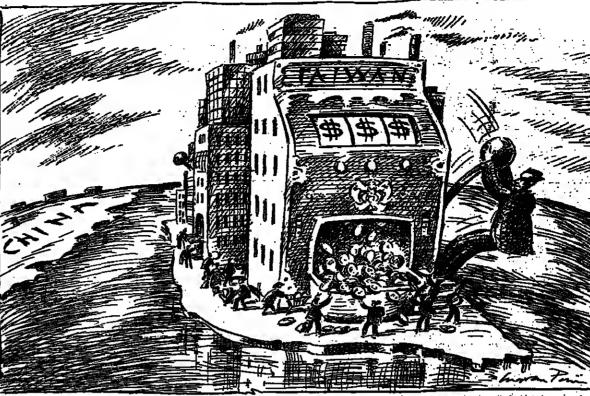
country. It has a population of only 20m but It has a population of only 20m but it is the world's 13th largest trading nation. Its export success is being tested by the strength of the New Taiwanese dollar, which has appreciated by about 50 per cent since September 1985 (12 per cent so far this year) to just over NT\$25 to the US dollar. It boasts foreign exchange reserves in excess of US\$75hn, an annual per capita income of over US\$6,000, and economic growth slowing slightly to about 6.5 per cent this ing slightly to about 6.5 per cent this

year. In the wake of the Tiananmen Square massacre, it is displaying more confidence and optimism about the future than Hong Kong. Such a comparison witthe British colony would have been dismissed as ludicrous at the beginning of the 1980s. A year ago it would still have seemed inconceivable. But now it is a fact.

Both Taiwan and Hong Kong lie on the edge of the shadow of China, which wants to bring them calong

which wants to hring them (along with the Portuguese enclave of Macao) back under Peking's sover eignty. Both are populated by refugees from the Chinese mainland who have turned their new homes into two of Asia's economic dragons. These people have no wish for Peking's Communist shadow to engulf them. For decades Hong Kong has pros-

pered under British rule to become an internationally important financial centre and a regional entrepôt for China. Taiwan, on the other hand, suffered from a repressive political



The other China's new confidence

system run by an ageing KMT leader-ship who moved there from Peking with Generalissimo Chiang Kal-shek's Nationalist government in 1949. Now Hong Kong is faltering, its population terrified of life after 1997 when the colony returns to Chinese sovereignty. Tens of thousands of peo-ple are trying to find alternative ple are trying to find alternative homes abroad, Ideas are even being mooted of transplanting Hong Kong to another part of the world — Scotland, perhaps, Gibraltar or Darwin in Australia.

The Taiwanese, however, have no thought of being transplanted, nor of

Unlike Hong Kong, Taiwan has no time limit on its present state of assumed but undeclared independence

emigrating in droves. Those who do leave find successful high tech and other jobs in the US and elsewhere and tend to return in style. The economy is booming. And following the lifting of martial law in 1987 hy the late President Chiang

tinued by his successor, President Lee Tung-hui, there are to be democratic elections in December, for which party primaries have just been held. The basic difference of course is that, unlike Hong Kong. Taiwan is not covered by an international treaty forcing it back to China, so It has no time limit on its present state of assumed but undeclared independence. Significantly its people have no faith in Peking's pledge to Hong Kong

which is also on offer to Taiwan that it could operate as a capitalist enclave within a united Communist China under what is known as "one

China under what is known as "one country, two systems."

"I don't believe the Communists will keep their promises. I don't believe 'one country, two systems' can work in any country," says Mr James Chu, speaking for the KMT, hut echoing an almost universal view which derides Hong Kong's bopes.

A slightly softer, more diplomatic line is given by Dr Ma Ying Jeou, a Harvard graduate in his late 30s who heads a government committee in charge of policy towards the mainland: "Wa believe in 'one country, two systems' as a cross-straits policy but we want to ensure it is not against

we want to ensure it is not against our economic development and free-

dom".

The present Taiwan regime was set up 40 years ago this October. Chiang Kai-shek arrived from the mainland, where his forces had been defeated by where his forces had been deleated by the Communists, with 1.5m-2m follow-ers. They created what is called the Republic of China. It still claims sov-ereignty over the mainland and its leaders still hanker after reunifica-tion. The recent events in Peking have strengthened their conviction

that they have a special role to play.
"Wa have a cautious, gradualist between the two governments," says
Dr Ma Ying-Jeou. "Our long-term goal
is reunification on the principles of
democracy, equality and prosperity. In order to achieve that, we have to promote liberal and democratic developments on the mainland by gradually making mainland people appreciate the benefits of our system."

Dr Ma and other officials quote

opinion poils which suggest reunifica-tion would take 20-30 years, with

increasingly closer ties and formal contacts along the way. They say that the Tiananmen Square crisis has put any movement back by five years or more. Eventual reunification could be a generation further away.

Since 1987 Taiwan has allowed vistic to and from the mainland Last

its to and from the mainland. Last month it loosened controls on indirect mail and telephone calls to help people send facts about Tiananmen Square to contacts in China. Trade and investment is tolerated, providing it is done indirectly. Usually this means going through Hong Kong. Customs officials there put last year's

Taiwan's property prices and labour costs are. rocketing; some building site wages have doubled in a year

two way trade at US\$2.7bn, of which US\$2.3bn was Talwanese exports. This has fallen off in recent weeks investments totalling an estimated US\$200m have been made. The government has not stopped

these contacts in recent weeks. sensitive balance of the China rela-tionship, a factor which also carbed its criticisms of the Tlananmen Square massacre. But it does try to make sure moves are taken slowly, mainland.

"Reunification is not on because we cannot for economic reasons open our doors to the mainland," says a

people across the straits and that would sink us - we could not even open our doors to 50,000 fishermen without economic trouble." The goveernment does not want the two-way

without economic trouble. The government does not want the two-way trade, which accounts for 2 per cent of Taiwan's total, to grow much larger. "Look at how the US treats us over trade — we don't want that from China," says one official.

There is a faction which wants Taiwan to break formally from China. "Full independence would allow Taiwan to develop new economic and other plans for its future as a country and have faster political reform," says Dr Lu Hsui-Yi, foreign affairs director of the Democratic Progressive Party, the main opposition challenge to the KMT, who was jailed from 1983 to 1986 for his pro-independence views.

Such views are illegal because they would negate the KMT's claims to be the legitimate government of China. They are also impractical, partly because Peking has threatened to invade if there was an independence declaration, and partly because such a move would exacerbate rather than help Taiwan's international relations. At present Taiwan is officially recognised by only 24 mostly small countries — Grenada being the most recent to join the list. Taiwan has indirect relations with other countries which want to increase trade ties, including the UK which recently opened a low-profile visa office in Taipel. Growing international confidence is demonstrated by a decision to apply later this year for membership of Gatt.

to apply later this year for member-ship of Gatt.

But for most Taiwanese, the com-peting ideas of reunification and inde-pendence are irrelevant and even dan-

pendence are irrelevant and even dangerous. Peopla are primarily interested in doing husiness with China, especially using it as they use countries such as Thailand and the Philippines for low-cost production.

Too much progress on the mainland could even upset Taiwan's properity. "Many people are worried that if China becomes really democratic and liberalised, the flow of capital would go there and not to Taiwan where land prices and prosperity would go down," says one financier.

Taiwan is pricing itself out of many companies' equations because its property prices and labour costs are rocketing, worsened in international

property prices and labour costs are rocketing, worsened in international terms by the appreciating NT dollar. Some building site wages have doubled to NT\$3.500 a day in the past year. A namy gets the equivalent of US\$35-40 a day.

These factors are takan into account by companies like ICI of the UK which recently announced plans for a £150m chemicals plant linked to polyester fibre production. "If you want cheap labour or have a high pollution factor don't come to Taiwan," says Mr John Chandler, ICI's man in Taipel. "An investment here has got to be capital intensive." here has got to be capital intensive."

Environmental concerns are growing, compounding other social problems of rapid growth. There are signs of growing labour militancy and a

lack of interest in work when there are rich pickings from speculation. Recently the government has started to clamp down on underground finance companies paying interest of 80 per cent or more a year to raise funds for their own property and stock market speculation. The govern-ment is looking for ways to channel investment, partly by liberalising the banking system...
There is concern that the gambling

and lack of interest in work could get out of hand. But providing that does because there is a fear of being not happen, Talwan will continue to swamped by immigration from the thrive as a capitalist island-offshore from a Communist mainland, operat-ing its informal independence and waiting to benefit from what it doors to the mainland," says a assumes will be Hong Kong's inevita-banker. "They could send 10m or 30m ble decline.

An average performance

■ The possibility that the Dow Jones Industrial Average this week will reach its highestever closing level is bound to hring out the chartists.

What happens when the market sets a new record? 1 have consulted the standard work on the subject - a weighty tome called The Dow Jones Averages 1885-1985 which has nothing in it hut statistics, all unclouded by comment from the real world.

The weight of evidence, alas is that it pretty soon turns down again. This was particu-larly the case in the 20 years from 1962 onwards. Five times, the market hit a peak only to fall straight back. The only notable exceptions in modern times were the great hull market after the last war, and the strong run in the early 1980s.

The good news is that if the market does break through firmly to a new high, there is nothing half-hearted about it: it goes on to scale much higher peaks, as happened in late 1982 and mid-1985.

People will say that past pat-terns contain no guide to the future: it's the economic funda mentals that count. That's not entirely true. Everyone knows once the market is in new territory it makes them nervous. One detects signs of that already.

The Dow's present record of 2,722 was set on August 25 1987. I still cherish a lapel button I was given by a New York stockhroker in 1980. It said "The Dow at 3,000 by 1982."

Lady liberator

■ A 47-year-old bee-keeper's daughter from the Gaza Strip has achieved rare political prominence in the Arab world for a mother of five. Mrs Intisar Al-Wazir, better known by her *nom de guerre* Umm Jihad, last week became the first woman to be elected to the leadership of Fatah, hy far

OBSERVER

the largest faction in the Pales-tine Liberation Organisation. Umm Jihad is a short. soft-spoken woman who once wanted to be a doctor. But her appearance masks a steely character: only last year she was forced to witness the murder of her husband, PLO military commander Abu Jihad. when he was gunned down in their Tunis home by Israeli agents.

Ever since the assassination she has received rousing applause whenever she appeared at Palestinian gather-ings. But, she is no stranger to the leadership of the move-ment. In 1966 she was placed in charge of military scrivities against Israel while her hushand and Yassir Arafat were

imprisoned in Syria.
Although she was the first woman to join the Palestinian movement in 1959, Umm Jihad was happy to stay out of the limelight while her husband was alive. In the early days she acted both as breadwinner and housewife while Abu Jihad set up the first Fatah office in Algeria. She bristles at suggestions that her election was principally a tribute to his memory: "My success was mainly the outcome of many years of personal struggle," she savs.

Initiatives

■ An article in the current issue of the West German weekly, Die Zelt, on European unity, notes that two large attempts were made to schieve it in the last century: the first at the Congress of Vienna in 1815 under Habsburg leadership, the second in 1871 hy the Prussians under Bismarck. The thrust of the article is that the time has come to make a further attempt. Its

authors are Otto von Habshurg

BEIRUT BANX 0

and Philipp von Bismarck, senior living representatives of their respective lines and both Euro-MPs. Cause for alarm or third time lucky?

charms by modern life is that it quickens an interest in the past, viz. the fuss over the Rose Theatre, and excitement at the discovery of the Roman amphitheatre in the Guildhall

ignorance of history, or pricked by curiosity should spend £5.95 on "Square Mile Walks", a new book of six based on a different theme: the Great Fire and its afterlaw, and so on. Reading it over the week-

City walks

■ One effect of the gradual erosion of the City of London's

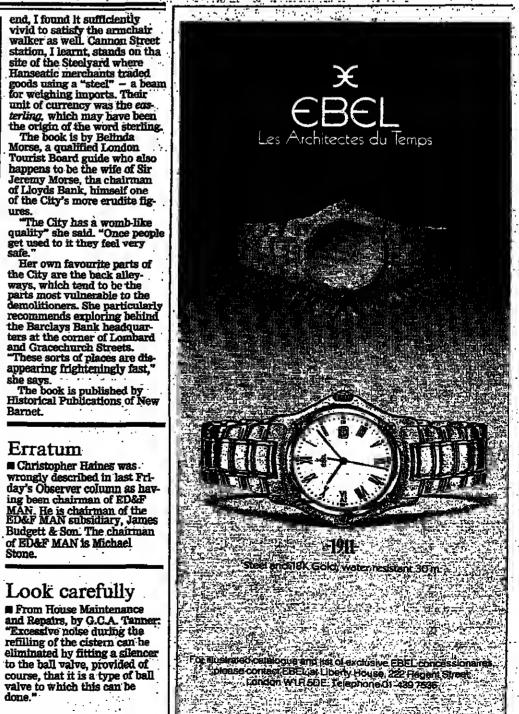
Anyone ashamed of their walks around the City, each the invaders, the merchants, math, entertainment and the

David Lascelles

Barnet.

Stone.

Erratum





"WHEN YOU speak of vision, you seem to think of management in terms of dreams. Dreams have their place in managerial activity, but they need to be kept severely under con-trol. The object of our policy is to increase our earnings. It is perfectly

simple."
That object, in essence, is what drives Lord Weinstock, a man often described as Britain's leading industrialist. As managing director of the General Electric Company in the 1966, he surned plaudits by master. minding a restructuring of the UK's electrical industry. But, for most of the 1980s, he has seemed boxed in.

It is only in the past year that he has escaped into a fresh burst of action. First, he made a hostile bid with Siemens of West Germany - for Plessey, his old electronics rival; next GEC and Compagnie Générale d'Elec-tricité of France merged their power engineering interests to form GEC-Al-sthom; and then he created a series of joint ventures with General Electric of the US, the largest of which covers GEC's Hotpoint domestic appliances

Now, as GEC and Siemens seem on the point of finally capturing Plessey, Lord Weinstock speaks of his goal of increasing GEC's earnings as a creative activity which benefits the rest of society. Not only are earnings a justification in themselves, they also reflect the extent to which you are meeting needs. They reflect the extent to which you are giving satisfaction." However, this talk about increasing

earnings may seem rather dry as a vision. And that is the heart of a criticism that has been voiced about Lord Weinstock over the years - that by concentrating exclusively on prof-itability, he has been blind to some of the more exciting new electronics

There is also anxiety about the joint ventures GEC is embarking on. On the one hand, there is a feeling that Lord Weinstock would not now be putting nearly half of Britain's dominant electronics group into joint ven-tures which he will not totally control if he had achieved faster expansion in the past. On the other hand, people wonder whether he should be allowed to increase his dominance of the UK electronics industry by taking over Plessey if he is not going to make it

Lord Weinstock bristles at the suggestion that he is not good at making things grow. He points out that, since he joined GEC its turnover has shot up from £90m to over £6bn.

The most spectacular part of this growth came in the big acquisitions of the 1960s, however. If you take a more recent period — as the Monopolies and Mergers Commission did in its report on the Plessey bid — GEC's sales have barely grown in real terms, increasing (in 1988 pounds) from 1979 to 25 8hm in 1988. £5.0bn in 1979 to £5.6bn in 1988.

Lord Weinstock complains that deflating by the Retail Price Index is an absurd way to measure industrial. activity. We don't buy sugar and pay council house reuts . Prices for many of our products were going Navertheless, other large internaLord Weinstock is close to achieving his ambition of acquiring Plessey for GEC. He talked to Hugo Dixon.

Keeping dreams under control

tional electronics companies hava grown rapidly over the past decade as electronics have taken a larger share of the world economy. Siemens, for example, saw its sales go up from DM36.1bn to DM59.dm in real terms over the same period. The big Japanese companies have grown for the same period. nese companies have grown even fas-

"You think growth is necessarily benign, do you?" Lord Weinstock asks. "People just getting bigger for the sake of it; you think that is a good

He also points out that the only consumer market that GEC has pulled out of in the past twenty years is television receivers. "There we got driven out by the one joint venture we have undertaken which did not succeed — with Hitachi."

However, the criticism is not so much that GEC pulled out of husi-nesses but that it failed to make a push in new areas, such as personal computers and semiconductors, which did not even exist twenty years ago.

"We didn't regard those fields as areas where we were particularly likely to succeed or as areas which were likely to be profitable for the company - and neither would they have been. We would have failed like everybody else. Nobody has consistently made money out of that sort of thing apart from the large American companies and perhaps the Japa-

Critics also say GEC failed to push hard enough to get into foreign markets. Lord Weinstock has always said ha tried but was blocked, for example when he attempted to take over AEG.

tha German electrical group in 1982. But others have succeeded in put-ting together transnational deals. For example, in 1987 FTT put its telecoms interests into a joint venture with Alcatel of France, creating the world's second largest telecoms manufac-

second largest telecoms manuacturer. "If we'd got to look at it, certainly that would have been interesting," says Lord Weinstock.

Was ITT then a missed opportunity? "We didn't have an opportunity," Lord Weinstock says. "If the number 73 bus coes down Park Lange. number 73 bus goes down Park Lana and you're in Oxford Street, it is not a missed opportunity if you didn't get on it in Park Lane."

"This is one of the most efficient and successful companies in this country and I sit here being told by a journalist how much the thing is being run down. You keen on telling me that we've missed opportunities. Of course, we've missed opportunities.



Everybody misses opportunities. We're not perfect. But the idea that there's something wrong with this company or its management isn't worth talking about."

Lord Weinstock argues that it was not possible to buy companies lika CGE, Alsthom, Siemens, Daimler Benz or Bosch, so it was necessary to form joint ventures to get access to their resources and markets. "It'a about building up our presence in Europe with a view to huilding up our presence generally. But aren't there drawbacks in going

for joint ventures? The drawbacks are that you don't

have absolute control. Mind you, I think it is only fair to say that in a large organisation you don't have absolute control anyway because your colleagues sometimes do things that you don't necessarily approve of."

Ha acknowledges that GEC and its partners have different ways of going about things. GE, for example, has a much larger headquarters staff, which gets more closely involved with its subsidiarles' day-to-day activities.

"If you say that there is more bureaucratic interference, yes. They are not actually telling people what to do; they are, on the contrary, stopping experience, you would know."

things they don't like."
In the joint veutures, will Lord Weinstock be able to proceed with decisions without clearing them with

his partners?

"No, potentially not. In the last resort, I have been able to say. You have to do that, no matter what you say and he does it or he goes. Now, I can't do that, but thet's the only thing I can't do and that is a very small part of the managerial activity in which l am indulging. That is infinitesimally small.

GEC's own joint venture in televi-sion sets with Hitachi failed, according to Lord Weinstock, because the Japanese company kept most of its Japanese company kept most of his TV husinesses outside the venture and refused to merge the companies' sales forces. GEC eventually sold out after making large losses. Why won't the new ventures end up the same

"In the case of GEC-Alsthom, CGE has no other business in power engineering that is not in the joint ven-ture. Neither do we. The success of

the neither do we. The success of the joint venture is necessary to both of our successes in the field of power engineering."

But this will not be true of tele-coms. If GEC and Siemens acquire Plessey, the German company will take a 40 per cent stake in GEC Ples-sey Telecommunications (GPT) but sey Telecommunications (GPT), hnt keep its own telecoms business sepa-

"Theoretically it could be a problem but it is not going to be a prohlem, because it does not pay them to lose access to the British market," says Lord Weinstock. He also points out that, unlike the Hitachi venture which was 50-50, GEC will hold 60 per

cent, giving it control.

But the key part of the deal is that Siemens and GPT will co-operate on developing future telecoms systems. Given that Siemens is much bigger in telecoms and will be devoting more engineers to the joh, won't GPT be dominated by the German company?

"I wouldn't say it will be domi-nated. Certainly Siemens will have, will expect to have a very very large say. Perhaps, although we have tha majority of shares, they will have the majority of the technology. But the fact remains that, in the last resort, we can always say wa will not do it that way.

In the Hotpoint venture, GE is takdomestic appliance business, which is the market leader in the UK. GE is putting its much smaller European perations into the venture hut is not giving GEC any share of its vast domestic appliance husinesses in the

rest of the world. Didn't Lord Weinstock want a share of those husinesses?

"No. You couldn't, You see, the "No. You couldn't, You see, the scale is too big. You couldn't have anything to say in a joint venture with GE in domestic appliances in the US. That part of the deal with GE is simply exchanging money for an interest in the Hotpoint group."

But, isn't that like Hitach?
"No. it's nothing like Hitach?" Lord

"No, it's nothing like Hitachi," Lord Weinstock insists. "Nothing ever could be. If you've been through that

LOMBARD

Nitrate: an avoidable mess

By Bridget Bloom

A PARLIAMENTARY select unnecessarily low. committee has just produced a sensible report which the rele-vant British ministers and bureaucrats in Whitehall would do well to digest.

It is about nitrate and the

problems that flow from putting too much of the stuff, as chemical fertiliser or farmyard manure, onto Britain's farmand, therehy raising the nitrate in the water we drink to a level above that endorsed by all member states in a European Community directive of 1981.

The report concentrates par ticularly on a new EC direc-tive, presently in draft and thus not yet in force, to control farmers' future nitrate use. So far, the report - from the

Lords Committee on the Euro-pean Communities - has been remarked chiefly hecause it seems to back Mrs Thatcher's stand against the Brussels hureaucrats. But its most important message is a rather different one,

Many people know by now that the EC has set a maxi-mum limit on the amount of nitrate which it believes its citizens should ingest: this is the 50 parts per million set out in the 1981 directive, and based on a World Heslth Organisation recommendation.

Fewer people, perhaps, know that Britain, though it accepted the 50 ppm limit, successfully negotiated a derogation from it for areas where nitrate levels were already

Government promise

However, that derogation came to an end last year, since when there has been much huffing and puffing between London and Brussels. The government, in the throes of pri-vatising water, has promised to implement the limit by 1995, hut the Commission has insisted on 1993, meanwhile threatening Britain with the European Court.

There are two main grounds for Britain's stand. One is that the water authorities will not be able financially or techni-cally to meet the earlier dead-line. The other is more pro-found, for implied in government statements is the belief that the 50 ppm level is

On the face of it, the Lords Committee seems to agree with this. Having taken much expert evidence, it concludes that the health threats, principally the "blue baby" syndrome and stomach cancer, have been exaggerated.

It goes further. For it points out that the Commission's insistence that the 50 ppm be an absolute limit, applicable at all times of the year and to all drinking water supplies wherever sampled, could he very damaging for Britain.

Surface supplies

Unlike other member states, Britain draws 70 per cent of its drinking water from surface rather than from underground supplies. If the limit is to be spplied to water in any reser-voir or river at any time, the Lords report reckons that as much as fifty per cent of East Anglia's arable land would bave to be taken out of produc-

Much hetter, the report argues - echoing government evidence - to test water for nitrate only when it is taken for drinking, since, hy then, natural denitrification will have lowered nitrate levels.

Assuming the science is sound, this seems sensible. The Lords report castigates the Commission for failing, on its own admission, to take British circumstances fully into account when formulating its new draft directive - although as the Commission witness pointed out in evidence. Britain agreed to the directive in 1981 without presenting any of these reservations.

For there is the point. The real lesson of the nitrate affair is that the mess is of the government's own making.

If ministers and hureaucrats had done their homework in 1980 or thereabouts, they would not have put Britain's name to a directive which now causes them to wriggle and squirm and face prosecution. They are apparently doing their home-work on the new directive, and that is all to the good. But where were they then?

* Nitrate in Water. HMSO

LETTERS

British business schools pull ahead

From Mr Philip Sadler. Sir, Professor Harold Leavitt's sweeping criticism of busi-ness schools, reported by Mich-ael Skapinker (August 2), represents his lack of first hand knowledge of British and European business schools. The charge that "they inflict lasting damage on well-propor-tioned young men and women, distorting them into critters with loysided brains, icy hearts and shrunken souls," and "fail

to help them learn about leadership, imagination, determina-tion and a sense of duty" may be valid when levelled against mainstream programmes in traditional US business schools and in European institutions closely modelled on them. In other places, however -

perhaps most of all in Britain

- fresh spproaches have been
ploneered for some time.

Among the most important
is the use of "live" projects as

vehicles for learning rather than sterile case studies. Another is the replacement of much conventional classroom teaching. Many British busi-ness schools (to quote the article) "got away from teaching many years ago.

Organisational leaders need

a combination of vision and the ability to manage change as well as analytical skills. At the core of the Ashridge MBA is one important project and several smaller assignments focusing on real issues in organisations, together with an unusual degree of emphasis on

tha so-called "soft" process skills of leadership. Pro-gramme participants have unrestricted access to databases, expert systems, information services of various kinds, computers, audio visual and interactive study programmes, and an expert staff to help them make full use of them.

A number of British and some continued by the staff to help them make full use of them.

some continental European husiness schools can confidently say to Harold Leavitt: "Not guilty as charged." Indeed, if he were to investi-gate further he would find many Amarican husiness schools falling one step behind their British counterparts. Philip Sadler, Ashridge Man

Berkhamsted, Hertfordshire

Education down the Tube

From Mr Andrew Oswald. Sir, I see from your front page (August 10) that the average London Tube driver is to earn £333 per week. This is, I note, approximately the midpoint ou the salary scale for university lecturers in Great

It would be considered un-British, presumably, to suggest that there is probably not a single Tube driver who would make an adequate university lecturer, nor a single university lecturer who would be an inadequate Tube driver. But what about perks, I hear

you say? True: university teachers do not get subsidised Andrew Oswald Centre for Labour Economics, The London School of Econom

Bad debts at the banks

ics and Political Scien

From Mr Mike Lyndoe.
Sir, Can clearing banks so smugly laugh off buge foreign bad debts, as Sir Jeremy Morse of Lloyds did on television? He said he had chaired Lloyds for the seven years the bank had been involved with Latin America, and much of the fault lay at his doorstep. Yet he would not consider his lack of foresight, and the resul-tant damage to Lloyds' credi-hility, a sufficient case to

If this company were in debt to any of the four big clearing banks, and ran into difficulties, you can bet your last brass farthing that we would he promptly foreclosed on - with no thought of rescheduling the debt, even if the cause was simply over-trading profitably. No wonder banking with the Big Four is so expensive; they can afford to throw billions away in Latin America and, at the same time, charge exorbi-tant rates to husiness users.

If the heads of the four clearing banks rolled (as with the Blue Arrow affair) I think many would come to respect the hanking fraternity as a responsible body - hut not while the old hierarchy is in

Mike Lyndoe Lyndoe (Holdings), Arlungton House,

time critical manoeuvres

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Ecu-spending could put EMU at risk

From Mr Andrew Brociner.
Sir, Mr Peter Welch ("United we spend," Letters, August 3) advocates the Ecu (European currency unit) as a currency option to circulate among other EC currencies. This strategy was considered and ed by the Delors report... Another form of money creation, not linked to a country's economic activity, may jeop-

Sir, The German Airspace Users' Association report (FT, August 9) is welcome, if only

because it quantifies the cash

penalties of the air traffic con-

trol problems suffered by mil-lions of European travellers.

Present measures to improve

the situation include the Civil

Aviation Authority's £600m

investment programme to improve UK air traffic control (ATC) equipment and techniques, and the afforts to achieve a more centralised system of all traffic "flow control"

tem of air traffic "flow control"

through the existing Eurocon-trol organisation in Brussels. Whether this can ever be

expanded into a single inte-

grated ATC system for Europe

ardise price stability — one of amounts of money to finance high government debt may similarly endanger price stability alongside existing ity. A European central bank

would co-ordinate these deci-sions and make this less likely, monetary policy co-ordination.

Mr Welch also suggests that
central banks could decide on
the amount of each country's
Ecu issue. Individual countries
wishing to create large although there remains the issue of placing upper limits on countries' budget deficits. Andrew Brociner, Birkbeck College, University of London,

ones would complicate even further the difficult task of

Aviation planning should take the long view From Mr Michael Donne.

sensus on the need for a single

is one of the most dynamic cases in Europe, measures taken to provide the necessary facilities - terminals, runways, access links, air traffic

remains to be seen. Many control systems - have all too swiftly proved inadequate. In the UK, with a record countries in western Europe have yet to approach, let alone match, the UK's investment programme. Several have much smaller air transport industries than either the UK or West Germany. They get less direct benefit from commercial aviation, and accordingly allocate to it a much lower priority in their budgets

and long term economic plan-ning, while retaining an entrenched sovereignty in their air transport affairs. Until this is redressed, con-

integrated ATC system for Europe is unlikely - let alone on how to finance it. The fundamental problem is

to get governments and others to recognise that air transport contributors to economic growth. Over the past 40 years almost every forecast of world air transport growth has proved conservative. The result has been that in many

much better than in most other European countries, it takes far too long to win approval for essential new developments: as much as 10 years from conception to in-service for a new terminal or runway, by which time traffic growth may have

pre-empted much of the new

This points to the conclusion that throughout Europe, there must be much wider recognition of the likelihood of persistent air traffic growth into the first quarter of the 21st cen-tury, leading in turn to the need for a much longer "time horizon" in all civil aviation planning. To avoid the ad hoc solutions

of the past, efforts to update ATC systems - as well as terminals, runways and access links - need to be geared not just to a doubling of current air traffic by the year 2005, but to the likelihood of a further doubling in the following 20 years. Such a time-scale may appear extravagant to some --but necessary, if the problems of the recent past are not to recur a few years from now. The investment would be high initially, but would be more than adequately compensated

in the long term. Michael Donne,

Guildford, Surrey

Monday August 14 1989



Janet Bush on Wall Street

Rotational worries for market

"ROTATIONAL plays" became the buzz concept in the equity market last week. What it means in plain English is that traders had started to get worried that the market could not possibly move above its 1987 peak without a better performance by such old stalwart cyclical stocks as Dow Chemical and IBM

By rotation, equity analysts are talking about a shift from one sector to another. Most often during the currect (or past) rally that has meant a shift in the focus of takeover speculation from, say, tobacco stocks to hotels and casinos. But it is oot this sort of rotatioo that boosts a market to record highs.

What has most worried the market is that cyclical stocks, which tend closely to follow ups and downs in the overall economy, bave been doing badly. According to Mr Kenneth Spence, equity analyst at Salomon Brothers, cyclical stocks have not underper-formed non-cyclical (and there-fore recessioo defensive issues) by such a margin since the

October 1987 crash. in the past six months, Salo-mon's index of consumer noncyclical stocks has outper-formed the Standard & Poor's 500 by 18 per cent. In stark contrast, its cyclical index has underperformed the S&P 500 by 3 per cent.

Mr Spence said: "The market is talking about a soft landing for the US economy hut it is

still investing for recession."
The strooger-than-expected headline figures contained in the employment release for July served to underscore hopes for a soft landing, as did last Friday's unanticipated drop in producer prices during July and strong rehound in car

Last week started with a surge in such cyclical stocks as IBM, which was heavily traded, and signs of profit-tak-ing in such consumer non-cyclicals as Philip Morris. This shift actually began around a fortnight ago, as recession fears waned, but accelerated last week after the employ-

However, by the end of last defensive and the much-hopedfor rotation appeared to have turned another 180 degrees to end up where it had started with takeover plays and con-sumer stocks which hedge

against recession.

Mr Spence believes that the recent partial shift to cyclicals was a short-term trading move within a longer term relative points to slowing profits and slowing cashflow. According to his figures, profits of the S&P 500 companies jumped 22 per cent year-on-year in the first quarter of this year, but by only 5 per cent to 6 per cent in the second quarter, an extremely dramatic fall-off.

Mr Lance Stonecypher, vice president of research at Ned Davis Research, publisher of a widely read investment newsletter which uses mathematical models, said that his company had got its first recession sig-nal in February. Taking into account the normal lags, a recession could begin by around December going into

the first quarter of next year. In its edition of Industry Watch on August 11, Ned Davis Research wrote: "We have not seen enough evidence for a recession yet, but we have declined to zero economic growth based on the reading from our Economic Timing

Mr Michael Sherman of Shearson Lehman Hutton believes that there are a number of factors which should balance out the fact that it is likely that the peak of earnings for cyclical stocks has already been seen. Amoog them is the fact that the decline in the dollar in the past five years has led to worldwide competitive advantages for domestic manufacturers and raw material pro-ducers which "will not dissi-pate as a result of a slowdown

in the US economy."

Second is a willingness within the US Federal Reserve to protect the economy against

cession. Third, a lot of companies have heen cautious ahout adding capacity when the economy is at a cyclical high, pro-tecting them more than in the past from an economic slow-

down when it arrives. Salomon's Mr Spence points to the fact that junk bonds are trading at bistorically cheap levels versus Treasury bonds. "If people really believed in a soft landing they would be aggressively buying junk

bonds," be said.
Perhaps we will see the required rotation into cyclicals and a move to new peaks in the equity market only when junk bonds return to favour.

EAST GERMANS SEEK ASYLUM

West Germany closes Budapest embassy

By David Goodhart in Bonn

WEST GERMANY yesterday temporarily closed its embassy in Budapest to the public to stop any more asylum-seeking East Germans from joining the 180 who are already inside the

The action reflected Bonn's discomfiture over this sumdiscompliture over this sum-mer's upsurge in attempts to emigrate westwards, both legally and illegally, by East German citizens, a trend that bas complicated relations between the two German

A week ago, West Germany closed its diplomatic mission in East Berlin, where 130 people had boled up, and at least 30 East Germans are believed to be inside the West German embassy in Prague. Mr Rudolf Seiters, the West

German cabinet minister in charge of the asylum crisis, has appealed to holidaying East Germans not to occupy his country's embassies in Eastern Europe.

Mr Jürgen Sndhoff, a state secretary in the Bonn Foreign Office, will today meat the Hungarian Foreign Minister, Mr Cyula Horn, to discuss bow

both countries can respect the human rights of the fleeing East Germans without widen-ing the rift with the East German Government.

West German officials fear that the embarrassment to the East German Government caused by the wave of embassy occupations, and by the much-publicised East German flow across the recently opened bor-der between Hungary and Aus-tria, may bring to an end the recent relaxation in the Com-munist state's exit visa policy. About 100,000 East German citizens are expected to resettle legally in West Germany this year, compared with the previ-ous annual record of 41,000 in

The reason why so many East Germans are nonethele seeking to leave unlawfully appears to be fear that thay will not get a visa through legal channels and belief that the Hungarian hole in the Iron Curtain have created a unique,

and perhaps short-lived, oppor-

Abont 1,600 East Germans are said to have crossed the border since the barbed wire was taken down in May. A resolution of the problem at the East Berlin mission may be in sight after 10 of the occupiers agreed to leave at the

According to officials in Bonn, most of the rest will also go if thay receive assurances they will not be punished. The East German authorities have

East German authorities have maintained that at least half of the 130 have never even applied for exit visas.

Mr Helmut Kohl, the West German Chancellor, said in a weekend newspaper interview:

"East Germany cannot evade the reform process. Time is working against Mr Honecker (the East German leader)."

However, most West German

(the East German leader).

However, most West German officials are privately pessimistic about the short-term prospects for reform in East Germany. Similar pessimism inside East Germany is one explanation for the increased exodus.

According to a West German intelligence report, nearly 10 per cent of East Germans want to leave the country, which has a total population of 16.6m.

space to opposition viewpoints

in their coverage of the news. Such tactics have provoked a wave of resignations from

the state broadcasting media by journalists. Security forces have been using force to get some journalists back to work.

Police and military sources

said on Sunday at least 35 peo-

ple, including two policemen, had been killed in the past 24

hours, Reuter edds from Col-

civilians were found at the roadside at Embliphtiya in the south on Saturday night.

The bodies of 14 unidentified

1m and 1.5m East Germans have applied to leave the coun-

Most of them have higher than average qualifications and come from the industrial south of the country from towns such as Dresden (70,000 out of 520,000 residents) or Karl-Marx-Stadt (35,000 out of 315,000).

Mr Stefan Heym, East Ger-many's best-known writer, said West German television that the exit wave could desiroy the country but that added that East Germans "are fed up with being treated like children" by the orthodox Communist regime.

Western diplomats say despite the dismantling of the Iron Curtain in Hungary and liberalised travel in Poland, Hungary and the Soviet Union, the East Germans refuse to budge on the Berlin Wall.

"Honecker can't afford to blink on this one, his whole prestige is staked on it," said one. The Communist Party leader was security chief in 1961 and supervised the wall

crack-down against them. Meanwhile much intelligence

work had been lost and the police demoralised.

In his dealings with India, the President had hoped that

he could force a speedier with-drawal of the Indian forces by a hlustering, public approach. He has had to beat a humiliat-

methods of diplomacy.

His major success has been his agreement with the Tigers who announced on June 28 the ending of their 17-year guer-

But this understanding has still to survive the test of a Sri

Lankan agreement with India, which is refusing the immedi-

As Mr Premadasa has grown

more isolated, so Colombo has been thick with rumours of

plots to overthrow him. "I

rilla war with the Governm

Wall Street looks before leaping

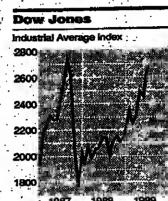
Wall Street's hesitant assault on a virgin peak last week may have been less a matter of simple nerves than a belated ple nerves than a belated attempt to assess the reasons for having come so far. Now that it has broken its tame post-crash highs, the market faces the terrifying comparison with events before the crash. To go on, it must convince itself that whereas last time a Dow Jones index of 2722 was the height of folly, this time it is quite different.

Superficially, the two great bull markets of 1989 and 1987 have an uncomfortable amount in common. One does not need to be a chartist to see that the 25 per cent rise in the US and the 30 per cent rise in the UK this year are almost carbon copies of the 1987 movements. Technicians and momentum analysts can further confirm the market to be almost as

overbought now as it was then. overbought now as it was then. The economic comparison between the two periods is only marginally more encouraging. While inflation and short term interest rates are higher than in 1987, bond yields are lower, and the yield gap between equities and bonds is much more comfortable. The big difference, however, is in earnings valuations. Since the crash, earnings have Since the crash, earnings have increased by over 50 per cent in the US, so that the present market multiple of about 13 is much closer to post-crash lows of 10 or so than to tha 20 times reached in the summer of 1987.

However, as p/e ratios have not been tha main factor drivnot been the main tactor driv-ing the market up, there is no reason why they should keep it there. Instead, tha two things responsible for the rally are the idea that the economy is heading for a soft landing, and, more important still, the lashings of liquidity in the system . As props, hoth are a little shaky. Even though the latest US figures add to the happy picture of an economy that is growing a little even while inflation falls, it is still unclear whether recession has really baen avoided, and if so, whether equities and bonds can both go on enjoying the

Liquidity is an even worse reason for arguing that prices deserve to be where they are - a lesson that should have been learnt two years ago. The US market is shrinking at a rate of about 6 per cent a year, as companies borrow from the banks to buy up shares whole-sale; a position that is not going to go on indefinitely. Of course, if the market is to turn back now, there is no question of a crash, and not just because



profits are higher. Lessons have been learnt; the simpla fact that Wall Street is looking this time before it leaps is entirely reassuring.

Building materials

Experience has taught canny observers that forecasts of the UK's construction output have all tha subtlety and precision of a buildozer at full tilt. There are just too many macroeco-nomic variables, and too many of the levers being pulled are in the hands of the Treasury. Last week's prediction from the National Council of Build-

ing Material Producers that output would fall 1 per cent next year was therefore more significant for its relatively optimistic sentiment than as a hard and fast guide to the future. In spite of the dip proj-ected for 1990, the first annual decline for nine years, it looked forward to a 4 per cent rise again in 1991, partly in the hope that public spending on the infrastructure will be making headway as a prelude to a general election. For the stock merket, things are not so clear cut. The building materials sector is caught in a cross-fire between hullish and bearish camps, but what makes the battle intriguing are two newer forces at work.

one factor should be well discounted the downturn in the housing market, with its knock on effect on bricks and plasterboard, and its direct impact on the housebuilding side of Tarmac in particular. That Tarmac's shares are trading on a prospective p/e of only about 8.3, and BPB's on 8.7, is a fair indicator. Less easily grasped is the impact of the two more recent elements. One is the Government's promise of £12bn to be spent on road-building in 10 years. The other is the extra attention the market has paid to the building materials producers' aggregates reserves since Minorco's bid for Gold Fields, and since the disclosure in Tarmac's annual report that it plans to revalue its mineral resources at a figure doubtless far exceeds accounts the \$300m-odd in last year's accounts. year's accounts.

With road-building, the difficulty is gauging the political
hype jurking in the £125m figa secu

ure. Given the cost overruns that have plagued Eurotunnel, £12bn may end up constructing far fewer motorway miles than now hoped. So far this year, the Department of Transport has let a mere handful of road construction contracts. Road-huilding will feed through to order-books; but the time-scale may be protracted.

As for aggregates, the high multiple the stock market gives to Bardon Group, one of the purest plays on dry-stone reserves there is, makes plain the issue's importance. The difficulty lies in convincing inves-tors generally that balanca sheet strength matters to stocks as cyclical and earn-ings-drivan as the huilding materials sector.

Formula shares

Blue Circle's "formula share alternative" offered to Myson's shareholders may be a first in corporate finance, and as such it is an unwelcome addition to the British biddar sarmoury. The idea is that shareholders The idea is that shareholders are given a fixed value, rather than a fixed number, of shares: the number they actually receive will depend on the share price immediately before the offer goes unconditional. While some investors might like that kind of certainty, the approach is wide open to manipulation. Simply by ramping the value of the shares in the final stages of the hid, a company can significantly reduce the value of its offer. Given the usual habit of the shares of bidding companies to shares of bidding companies to rise just before a bid goes unconditional amid all the bullish hype, and fall after-wards as the shares hit the market, it is doubtful whether shareholders are being offered

good value.
In the case of Blue Circle,
however, there is no question
of any fancy intentions. The primary offer is in cash with a loan note alternative, the deal is recommended, and the value of the ahare offer is lower than the cash offer. Had it not been for all that, the Takeover Panel would almost certainly have refused permission; it is to be hoped that it remains equally fussy about giving its approval in the future.

Sri Lanka slips towards the abyss

A feeling of terror has overtaken the island, reports **David Housego** released 1,850 JVP supporters, including some hardliners, shortly after he came to power, in a gesture of good will. But the movement responded by intensifying the pressure against him so that he was forced to reimpose the emergency and to resume the crack-down against them.

HERE IS a sense in Sri Lanka of a country slip-ping towards the abyss. Two of the gloomiest assessments of recent days have come from the country's lead-

President R. Premadasa, who lauched his new Administration on a hopeful note of reconciliation eight months ago, said: "An atmosphere of sorrow, fear and terror has over-taken the country. In schools and universities, villages and towns, violent attacks and hrutal killings (have) increased."

Mrs Sirima Bandaranaike, leader of the Opposition and head of the Sri Lanka Freedom Party, told Parliament: "The economy of the nation is fast deteriorating and the democratic structures are crumhling The coming conflagration will soon engulf us all if we cannot intelligently and unself-ishly halt it."

"Conflagration" may be too strong a word. But it is increasingly touch and go how long the Government's authority can stand up to the inroads being made by the extremist Sinhalese organisation, the JVP in the past two or three months they have enormously extended their grip through government offices, state-run and private enterprises - us-ing the tactics of fear and intimidation to provoke shutdowns at will.

Managers negotiate with anonymous JVP cadres who contact them by phone over the running of their enter-prises. "It's the JVP that calls the tune," says the head of one state corporation.

To a visitor returning to the country after a gap of more than two months, the most striking change is that the violence has now spread its tentacles to Colombo and Kandy, the two largest cities that were until recently relatively isolated from it.

Terrorist killings, police reprisals and the dumping of often mutiliated bodies by the roadside - five were recently found on the beach at Mount Lavinia, a middle-class suburb

The chief news editor of Sri Lanka's state-owned television corporation was killed yesterday as part of the campaign by the extremist JVP organisa-tion against what it calls "biased" reporting by the offi-cial news media, David Housego reports from Colombo.

Mr Kulasiri Amratunge, 60, was shot by three men who arrived at his home on bicycles. His death follows the killing of a TV news presenter and a senior radio executive. The JVP intends that the

killings will put pressure on the Government to give more of Colombo - mean that the threat of death has crept closer

to everyone's doorsten.
In the increasingly brutal battle hetween extremist organisations, including the Tamil Tigers in the north and the security and paramilitary forces, it is reckoned that more than 800 people a month are being killed throu

As it gains ground, the JVP's aim seems to be disruption that will eventually bring down President Premadasa's regime. Its ideological roots lie in a mixture of woundad nationalism, revolutionary anarchism, Marxism, and a romantic idealism of a village past that inevitably recalls Pol Pot's movement in Kampu-

Its support stems from all the frustrations of half-edu-cated and unemployed youth - and as such it has the sym-pathy and understanding of many in the middle class who have most to fear from its suc-

In a country's downward slide there are few landmarks to chart the course. But one hurdle that looms ahead is that the Government will find it increasingly difficult to finance much-needed imports of grain, sugar and fuel without an agreement with the International Monetary Fund on a now long-delayed \$87m drawing from the Fund's structural adjustment facility.

The foreign exchange reserves are virtually depleted and foreign banks are increas-ingly reluctant to provide needed guarantees on credit lines for Sri Lanka. The Fund, which is sending a further mission to Sri Lanka in a week's time, is seeking food and fuel price increases to curtail budget subcidies.

The President fears these could play into the hands of the JVP. But without an agreement with the IMF and the balance of payments relief this could provide, Sri Lanka could face worse shortages and higher inflation.

With the economy, as with the country's political woes, President Premadasa inherited the problems he now faces. But his seven months of manage-ment seems to have left them worse. He has ruled according worse. He has ruled according to his own instincts, consulted his ministerial colleagues mini-mally and relied dangerously on astrologers. He now finds himself increasingly isolated.
in retrospect, his aim seems
to bave been to build up an

alliance with the "have-nots" of society – including the low-er-caste groups from which he comes, the JVP and tha Tamil Tigers. He thus shunned the Colombo establishment, launched populist economic programmes and appealed for negotiations with the JVP and

But the hall of wool unwound in his hands. He

sometimes feel I cannot get to sleep at night for all the whisperings," says one diplomat. But constitutionally it is very difficult to remove the President. There is also no sign that the army would want to pull down the country's institutions, which would be the con-

ate ceasenre and t

Indian troops

equence of a coup d'état. An accelerated Indian troop withdrawal would undoubtedly strengthen the President's position and remove one of the position and remove one of the thorns in the JVP's campaign against him. But regaining the initiative against them requires the long and patient intelligence work required to dismantle their organisation.

In the President's seeking the advice of his cabinet minister.

the advice of his cabinet minis-ters and of Parliament this week, some see the signs of a chastened man now more will-ing to consult. But on the edge of the abyss, the President still seems to have most confidence in himself.

Global securities regime

Continued from Page 1
However, officials involved in the talks say they will seek a common approach to capital

adequacy, which they consider one of the key regulatory issues. This will be based on a system for measuring the exposure of firms in the securities markets similar to that nsed in the US and UK and which Japao plans to start phasing in next year. It will be backed by an information-sharing agreement which will regulators to keep track of firms

The officials stressed that considerable work will still be

WORLD WEATHER

needed before the new regime is agreed in detail and put into operation. But they described the agreement on a common approach as a big step forward and emphasised the urgency of the need for regulators to co-operate more closely. The initiative has also been

timed to coincide with the growing debate in the European Community over the creation of a single market for investment services. Securities industry regulators are keen to ensure that whatever regulatory regima is developed in the EC is consistent with the losco approach.

Syrians storm stronghold

Continued from Page 1 Sbia Moslem Amal militia

backed by Syria, said earlier in Damascus that he had received a telex about the fighting from

Mr Jumblatt.
"The fighting at Souk el-Garb is a combat on three fronts," said Mr Berri. "Two points - Eln Saade and another hill - are in the hands of Walid (Jumblatt). Aoun's men are holding tha other point unfortunately. The combat continues. We cannot know what will happen."
in Beirut tanks fought bat-

tles across the Green Line

and Christian sectors of the city, and Reuters news agency reported that the US, Argentine, Turkish and Brazilian ambassies and the French ambassador's residence had been hit by shells.

Gen Aoun said on French television on Saturday that he expected Syria to launch an air attack shortly and that his troops would not be able to

In Paris, the French Foreign Ministry said on Saturday that President François Mitterrand had asked for senior envoys to which separates the Moslem be sent to a number of capitals

Botha, de Klerk to meet

Continued from Page 1 sion to meet Mr Nelson Mandala, tha jailed African National Congress leader, must rank as a serious embarrass-ment for Mr de Klerk who was apparently unaware of the

meeting.
Political analysts note that the position of State President, created in 1984 with especially strong powers to daal with township unrest, allowed Mr Botha to pursue an increasingly authoritarian leadership style which eroded democracy within the party.

Public squabbling within the ruling party has overshadowed

meeting planned on August 28 between Mr de Klerk and Zam-hian President Kaunda, which irigeered the dispute.

President Kaunda is known

to be keen to mediate between Pretoria and the ANC, which has its headquarters in Zam-bia. He is believed to be pressing the ANC to prepare for negotiations with the South African Government and he hopes his meeting with Mr de Klerk could lead to a summit of southern African states, including both Pretoria and the ANC.

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FINANCIAL TIMES COMPANIES & MARKETS

Monday August 14 1989



INSIDE

A THE REAL PROPERTY OF THE PRO

on shares

Seeking harmony for securities rules



ciel banks may be diffi-ciel banks may be diffi-cult" might have put off a few taint hearts. But the International Organi-sation of Securities Commissions is preparing to grasp the nettle and take e leading role in promoting greater harmonisation of the regula-tion of the world's securities markets. Page 17

Conventional wisdom upset Everybody knows that bond investors hate

Everybody knows that bond investors name inflation because rising prices for food or ahelter destroy the purchasing power of a fixed income. Everybody knows they love falling prices because then thair coupons and principal can buy more of everything. So, why did the US bond market fall apart last Friday? James Buchan Investigates. Page 16



It is generally assumed that the success of Japanese companies can be attributed to carefully devised strategies. Not necessarily so, says Michael Skapinker, in the Business Column, he reports on research that suggests that this success has in fact been achieved through senior managers being humble enough to admit that they were wrong rather than sticking to pre-conceived notions. Page 28

Shifting focus

When the Bank of England published its latest quarterly hulletin last week it did not seem too concerned, its message was that adjustment in the economy was progressing as expected, although there remained some way to go. But if there was an area for worry the Bank seemed to agree that it lay in the labour mar-ket. Ralph Atkins looks at how the gilts market is seeing these inflationary wage pressures replace concern about the consequences of excessive domestic demand growth. Page 16

Market Statistics

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Return trip to the leveraged buy-out market James Buchan and Maggie Urry on

the joint venture Jefferson Smurfit is planning for its US businesses

he announcement that Ireland's Jefferson Smurfit Smurfit's proposal is more than just another Wall Street Advenbusinesses into a new joint venture with Morgan Stanley has hewildered and intrigued the paper industry and set off a flurry of speculation in the US, UK and Irish stock markets.

The August 4 announcement, a dense mixture of Irish mist and US bankerspeak, has caused some confusion. What is clear now is that Smurfit, Ireland's largest industrial corporation, is about to extract \$15m in cash by amalgamating and then borrowing heavily against its already highly indebted US packaging and newsprint businesses. In household terms, Smurfit is taking out a second mortrage.

household terms, Smurfit is taking out a second mortgage.

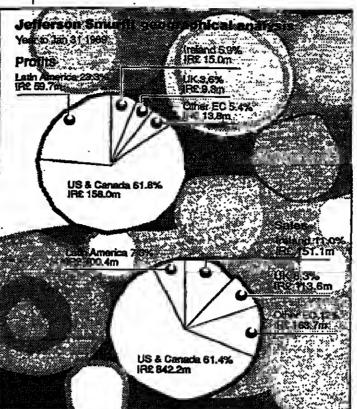
Amid rampant speculation in
the financial markets about how
the company planned to use the
money, Mr Robert Holmes, Smurfit's chief financial officer, last
week played down the possibility
that it would be need to be need to that it would be used to launch a US bid and indicated that the goal was to shift the group's geo-graphical halance towards Europe. "It would be difficult to restructure the US and then sud-

just another Wall Street Adventure in Leverage. At the very moment when Sir James Goldsmith is trying to persuade a sceptical City to finance a leveraged buy-out of BAT industries, Smurfit is breezily planning a second leveraged buy-out of its US operations. As Mr Howard Kilroy, the Irish group's president, said in an interview in New York last track: "We've shown we can use

week: "We've shown we can use leverage sensibly and wisely. The UK and European attitude is quite different from here. It's almost a cultural thing." So far, the UK and Irish stock markets have rallied to the plan. Smurfit stock, which was at 450p before the deal just over a week ago, was trading on Friday at

ago, was training on Friday at 594n, up 82 per cent. "The markets have given us substantial support," said Mr Kilroy.

The deal is hideously complicated and will probably take months to complete. For a start, Smurfit and Morgan Stanley have to but out the public share.



with Container Corporation, the other. The two have offered some \$340m to buy the 22 per cent of JSC owned by the public. Smurfit entered the US in 1974

and spent 10 years buying lack-lustre or ailing mills ont of neglected corners of large corporations. But in 1986, the company made a giant leap. It more than doubled its US business by teaming up with Morgan Stanley to hny Cootainer Corp, a large maker of cardboard hoxes for

Morgan Stanley and a group of investors put in \$10m of equity and a staggering \$1.1hn was raised in bank loans and junk bonds. This was leveraged buyout Number One.

The paper industry is volatile and product prices swing alarmingly as new industry capacity opens or falls into disuse. But the timing of Mr Michael Smurfit, chairman, was good. Prices of linerboard, which is the brown

\$250 a ton in 1985 to \$410 now. according to Mr Robert Bishop, an analyst at Salomon Brothers. Smurfit's managers, under Mr James Malloy, chief US operating

officer, were quite ruthless. Employees were fired in droves. Costs fell as prices were rising. Container's profits rose sharply
to \$127m last year - and the
company was able to pay off
nearly half its deht. The sliver of
from in equity soared in value.

Investors in a typical leveraged buy-out in the US usually seek to cash in their equity profit hy sell-ing shares to the public. But Smurfit and Morgan Stanley are taking a more amhitious route, They want to combine Container Corp with JSC, and then leverage the combined business so deeply they can take out \$1.5bn in cash dividends.

This is leveraged buy-out Number Two and it works like this. A new company, owned by Smurfit and a new group of Morgan Stanley investors, will huy the manusturing businesses for ahout the manufacturing businesses for ahout the state of the secured against the assets of the combined manufacturing husinesses.

About \$650m of the \$3bn will be needed to pay off the lenders to the Container Corp buy-out and \$380m to buy out the 22 per cent minority in JSC. But that still leaves a lot of mooey for the equity owners of Container Corp. Morgan Stanley plans to take home some \$140m, its investors \$360m and Smurfit \$1hn, a part of which will have to on back in as which will have to go hack in as equity in the new company.

There is a risk that the new company, which will be highly leveraged, might fail if the North have a free hand to merge it

mg up with storgan stantey to have to buy out the public share-holders of one US business, Jefferson Smurfit Corp, before they can have a free hand to merge it

mg up with storgan stantey to the normal, was good. Frices or leveragen, might tail it ine North linerboard, which is the brown American paper markets turn board each side of the corrugated down. But for Smurfit in Ireland, finte in a shipping container, the tangible risk is limited just to have risen from little more than its equity stake, which will prob-

ably be about \$100m. If the new company fails, the banks and new junk bondholders will have no legal recourse to Dublin. "Under no circumstances can the Jefferson Smurfit Group he on the hook for the new company's

deht," Morgan Stanley said. With its new \$1bn war chest, Smurfit could theoretically leunch leveraged buy-out Num-ber Three. With \$1bn in equity, Smurfit could borrow enough to buy, say, a company as large as International Paper, the world's largest paper company, which is valued in the stock market at

\$6hn. Many analysts believe that the North American paper cycle is indeed shout to turn down and that this helps to explain the apparent shift in the company's focus towards Europe.

Mr Holmes said the company's "war chest" would be used to huild up a network of European husinesses sticking to sreas Smurfit knows best — corrugated and carton board, box making

and recycling waste paper.

The prospect of 1992 has already caused one big European merger, that of Carnaud and MB, two packaging groups which concentrate on caos and plastic packaging. In paper packaging, Svenska Cellulosa of Sweden has made a string of acquisitions and now claims to be the leading cor-rugated cardboard maker, with 10 per cent of the market.

In the interview last week, Mr Kilroy said: "In a sense, the whole world is our oyster. We've done well in the US relative to our other operations in Latin America and Europe. We want to grow in Europe in particular at a quicker rate to schieve a better balance. We've never done a hostile deal. But as you can imagine, we are getting a lot of proposals. Our 'phone is already ringing."

Why Wall Street finds the news confusing

By Anthony Harris in Washington

he financial markets put up what is becoming a up what is becoming a typical performance on Friday. Stocks and bonds both rose sharply on the first announcement of a fall in producer prices and a recovery in retail seles. By the end of the day they had gone sharply into reverse, with the Dow-Jones index swinging through 50-odd peints between its high and its low.

This kind of double-take often put down to program trading: a sharp rise can easily trig-ger automatad profit-taking. However, there is another reason However, there is another reason for second thoughts, which is just as common: reading the small

On Friday the small print was down to one small letter: an "r" printed at the top of the Commerce Department's figures for retail sales in May and June, meaning that the figures had been revised (as they always are). You had to look up the previous

cial sector and is preparing the

computer software to provide a regional break-down of its

The Soviet Union's growing appetite for hard currency is beginning to show up in offi-

The latest Bank for Interna-

tional Settlements quarterly report – published just days

before last week's startling news that the Soviet Union

plans to pay its farmers in hard currency for extra grain and oilseed production — revealed big increases in Soviet

borrowing from commercial banks in the industrial coun-

tries in both the final quarter

of last year and the first three

The amount of Soviet bank

debt outstanding increased

from \$33.1bn last September to \$36.8bn in December and

\$38.6bn at the end of March.

Perhaps significantly, Soviet deposits with Western banks

dropped in the most recent quarter to \$14.85bn from \$15.3bn at the end of last year.

Western bankers do not

seem worried so far, partly because the increased lending

may reflect a number of bilat

eral credit arrangements in the

last two years between the

Soviet Union and trading part-ners, including West Germany, Italy and Britain.

However, only two months ago, Mr Nikolai Ryzhkov, the Soviet Prime Minister, said his

country needed to borrow an extra \$14bn this year alone to

service its hard currency for-

eign debt. More recently, Mr Nikolai Shmelyov, a radical economist and member of par-

Hament, said the Soviet Union needed \$30bn over the next two or three years to avoid roin.

Peter Norman

months of 1989.

instrial trends survey.

Soviet appetite

statistical releases to discover that these were no niggling revisions. May had been revised up by \$2.2bn (£1.4bm) from the first guess, and June by \$1.7hn.

These changes guite transform
the picture of sluggish retail
sales in recent mouths. The

announced changes in sales in the last three months add up to growth at an annual rate of 3 per cent. Take in the revisions, and it goes up to 8 per cent. Since the tainly be revised upwards, this is no doubt still an under-estimate. The first figure means falling real volumes, and a further rise in saving; the second, after tak-ing in price changes, means a solid rate of real growth, and probably falling saving. Quite a change; more than enough to justify the double-take.

The backroom analysts who drew attention to these figures were able to add confirming evidence - the recent employment figures (again affected by sharp upward revisions on job creation), the falling claims for nnemployment benefit, the revival of housing sales; the cur-rent joke is that this is not so much a soft landing as a soft take-off.
It is easy to blame the burean-

cracy for generating this statistical fog, and fashionable to hismetheir abortcoming on low official.

pay. This is indeed a problem in the higher reaches: the US Treatment of the property of the light of the ligh lowed out, as one key expert after another leaves the public service to earn twice as much with a bank or an accounting firm with an office in Washington.

However, Congress and the markets must share the blame. Congress prescribes by law the figures which must be published, and it insists on early snapshots of figures which would be hard to collect in any economy, and are especially hard in this huge, indi-vidualistic market, where filling in official forms is a low priority.

It is a well-known rule that the ing to send some important mesquicker the statistics are com-piled, the higger the errors will

The markets are to blame for not reading the label on the prodnot reading the label on the prod-uct: the advance retail sales fig-ures, it says clearly, "are based on early reporting by a small sub-sample of the Bureau's retail panel" — an opinion poll to fore-cast an opinion poll. The officials do well to keep revisions down to an average of about 1 per cent — three times as accurate as politithree times as accurate as political polls.

But once the corrections are made, is the picture clear? There is another kind of polling which still speaks of a pretty soft economy - the surveys of purchasing managers and plant managers. and the reports from the regional Federal Reserve banks. It was these reports which provoked the original boom in the bond market, while the equity market continued to float on a flood of huy-ont money, and they are still try-

sages.
The first is that the US econ-The first is that the US economy is now working more comfortably within its capacity; that is borne ont by reports showing lower levels of plant utilisation and quicker deliveries; no overheating. The second is that there are still some real soft spots; the antomobile market, which accounts for a fifth of all retail sales, and the computer market. sales, and the computer market. the "bullish" employment figures owe at least as much to demogra-phy as to the demand for lahour.

Finally, remember that the



except from students of the small print. The growth of the Japa-

Economics Notebook

Boost for anecdote and surveys

EVERYBODY seems to agree that the British economy is slowing down. What remains unclear is whether it will achieve that much-hoped-for "soft landing" of distribution. "soft landing" of disinflation without stagnation or recession. It is at uncertain times like

these that economists become acutely aware that traditional economic indicators - which in Britain are often bad guides at the best of times — are inad-

()

equate.
This week sees publication of a host of economic numbers covering inflation, unemployment, output and monetary trends. But the most up to date will give indications of what happened last month, while some, such as the increasingly important average earnings figures, will reveal what hap-

Such historic perspectives are especially unbelyful with the economy in a state of change. After many years of robust economic growth in Britain, it has come as some-thing of a surprise to realise that the slowdown will involve not just one turning point but many, affecting different sectors and regions at different

In these circumstances, the authorities and some City commentators have started paying greater attention to survey and

anecdotal evidence.
The Confederation of British industry says there has been a marked increase in interest in its industrial trends surveys in recent months. Last week's Bank of England bulletin is peppered with references to the CBI industrial surveys and the investment surveys published by the Department of Trade and Industry. In reaching their conclusions, the Bank's economists have also been able to draw on the insights of the Bank's regional offices, which keep close contact with industry and commerce. It is probable that such anecdotal evidence has been under-

regarded for far too long. One can only speculate on what would have happened if the Treasury's economy watchers had been briefed to keep an eye on events around them in the boom year that followed the last election.

Would they, for example, have woken up earlier to the inflationary potential of equity withdrawal from the housing market if, about 18 months ago, they had taken note of a sudden rash of advertisements in newspapers urging home-owners to "unlock" the value of their homes?

Anecdotal evidence needs to be used with caution, however. The Chancellor's policy of squeezing demand with high short-term interest rates has partially reversed the old north-south prosperity divide, leaving more spending power in the less heavily mortgaged

In addition, it has increased generational differences in disposable income so that con-sumer demand will not be totally depressed, even in the

Households where the mortgage is paid off and the children have left home are profiting from increased returns on their savings. Perhaps that is why most of the proud owners of G-registered cars, shown col-lecting them from dealers in the early hours of August 1 on a recent television news bulle-

a recent television news busi-tin, appeared to be well into-what used to called middle aga.

The increased appetite for survey evidence about the economy is being met by-increased supply. Dun & Brad-street, the American business information group, has added. Britain to its international business optimism surveys. The CEI is planning surveys of

THIS WEEK

A FLURRY of economic statistics this week is dominated by figures for the US trade deficit and the UK inflation rate, both of which may have a big infinence on trading in financial markets. With the US economy begin-

ning to slow, analysts will be looking for signs of follow-on effects on the trade deficit. The consensus of analysts fore-casts, compiled by MMS Inter-national, the financial research company, is for Thursday's fig-ures to show a merchandise trade deficit of \$9.4bn in June on a customs imports basis.

Similarly, the UK retail price index for July, which is released on Friday, will be scanned to see if the annual inflation rate has peaked. The consensus is for a monthly rise of 0.1 per cent, leaving the annual rate unchanged at 8.3

per cent.
Figures for UK June average earnings on Thursday will be closely watched for an acceleration in wage pressures. Analysts expect the underlying annual rate to rise to 9% per cent per cent from 9% per cent

Money supply figures for July, on Friday, will show the strength of economic activity and borrowing. Bank and building society lending is expected to have increased by 26.5bn. 160, the narrow money supply measure, and M4, the broad measure, are expected to have risen by 0.6 per cent and

1.3 per cent respectively. Provisional retail sales figmes for July, which will give important chies about the strength of consumer spending, are published today. A rise of 0.2 per cent is expected. Inflation also features highly

in the US, with the consumer price index for July published on Friday. A rise of 0.2 per cent on the month is forecast. Indicators of the strength of US economic activity come in figures for industrial produc-tion and capacity utilisation on Wednesday. A rise of 0.2 per cent and a utilisation rate of 83.5 per cent are expected.

change over previous year 1989

French consumer price inflation figures for July are released on Thursday. A small fall in the annual rate is widely-expected after June's 3.6 per

In Australia, Mr Paul Keat-

ing, Treasurer, unveils his bud-get for 1989-90 tomorrow. The following day, current account figures for July are released. Japanese money supply numbers for July are expected on either Thursday or Friday. West German wholesale prices

for July are also due this week. Other events and statistics (with MMS International consensus in brackets) include:

Today: UK, July producer prices indices (Output prices 0.3 per cent rise, seasonally-adjusted input costs 0.3 per cent fall). US, business inventories (0.4 per cent rise). French markets closed (until Wednesday). Tomorrow: Japan, wholesale prices for July. UK, British chamber of commerce quarterly economic survey.
Wednesday: UK, June indi-

ces of output by manufacturing (0.3 per cent rise) and total industrial production (flat). Public sector borrowing requirement (minus £1.3bn). US, housing starts in July

Thursday: UK, unemployment (fall of 25,000). Provisional vehicle production figures for July. Friday: France, industrial production for June.

great export boom is now cooling off, by all secounts, statistical and survey. It was bound to happen: growth could hardly be sus-tained at an annual rate of more than 20 per cent, and US companies are still discovering the joys of exporting in growing numbers. There is nothing much to suggest that the dollar is anywhere near heing over-valued again; hut

deficit will be harder.

nese "transplant" car factories which has reduced imports hy nearly 11 per cent this year, helps to mask slow progress by US-owned industries; and the quar-terly current account figures are now "improved" hy an estimate of spending hy US tourists abroad and foreign tourists here. It is hased, as you might have guessed, on a sample survey.

August 1989

BSN

through its wholly owned subsidiary

Brasseries Kronenbourg S.A.

has acquired majority control of

Henninger Hellas S.A.

The undersigned initiated this transaction and acted as financial advisor to BSN.

Salomon Brothers International Limited

UK COMPANY NEWS

Ward White lifts forecast to £34m

WARD WHITE, the retail group which is resisting a £900m offer from Boots, yesterday produced an interim pretax profits estimate of £34.2m. a 23.5 per cent increase on the same period last year, thanks partly to acquisitions.

The estimate for the six months to July 31 tops the £33m the group forecast last month and Ward White gives, as promised, a detailed break-down of the figures. Halfords, the autoparts and

hicycles chain, performed best with operating profits rising 56 per cent to £9.7m, on sales 29

TR Australia

shareholding

changes hands

International Financial

investment trading organisa-tion, has sold its \$.17 per cent

stake in TR Australia, a £45m

fund managed hy Touche Rem-

Last week, TR Australia unveiled plans for a change in

investment policy and a scrip issue of warrants, but these

found little favour with the

River Plate and General invest-

ment Trust, the company's

to oppose the trust's plan, it

gestion for the fund's future.

stake and the shares had gone into "friendly" hands.

S&P Return of

Assets value up

£3.35m (£2.72m).

River Plate owns 29.9 per cent of the voting rights and has indicated that if it decides

largest shareholder.

per cent np at £110.2m. The chain opened a further 20 superstores, bringing the total to 114; sales, on a comparable square footage basis, grew by over 15 per cent.

The home DIY products division benefited from the first full time contribution from A G Stanley. Sales at Payless, the DIY chain, increased only because of the opening of new stores; they fell on a like-for-like basis. Operating profits for the division rose by 23 per cent to £19.2m on sales 36 per cent higher at £181.3m.
The US autoparts and accessories division, which included a first time contribution from R & S/Strauss, increased operating profits from £6.1m to £7.8m on sales which rose to £85m (£48.1m). Sales at Whitlock and Rose Auto improved 6 per cent in dollar terms. Property profits doubled to

£2.4m. Earnings per share rose 17 per cent, boosted by a tax charge reduced mainly hy the release of deferred provisions. The directors are forecasting a final dividend of 10.1p (7.5p), making a total of 13.7p (10.5p). On Friday, Ward White said It had been unable to construct a rival leveraged buyout offer to the Boots bid. The news knocked Ward White's share price to around the value of the Boots offer, allowing Boots to pick up a further 7.3 per

cent in the market and take its total holding to 19.8 per cent. Yesterday, Mr Callum McCarthy, a director of Kleinwort Benson, the merchant bank advising Boots, said of the defeated appropriate the said of the defence doncment that "this estimate tells us nothing nnexpected. We knew that Ward White had one good busi-ness in Halfords and that the

Randsworth finishes with £7.6m

By Paul Cheeseright, Property Correspondent

RANDSWORTH Trust, the USM-quoted property company which last month accepted a £258m offer from JMB Realty Corporation of Chicago, announced a pre-tax profits increase of 16 per cent for the year ended June 30 1989.

The figures are doubtless the last from Randsworth as an

independent company. Profits were £7.64m, against £6.58m the previous year, producing fully diluted earnings per share of 9.82p compared with 6.23p.

There is no final dividend, leaving the 1.5p interim as the year's total (2.5p). Fully diluted net asset value

per share was \$18p as foreshadowed at the time of the take-over announcement. This is 7p less than the offer by JMB.
Randsworth had a net rental
income of £12.7m in 1988-89. compared with £13.4m, and property dealing profits were down to £5.7m from down to

COMPANY NEWS IN BRIEF

CHEMEX INTERNATIONAL IS delaying publication of the interim results until trading in

DCC VENTURES is increasing will offer an alternative sug-Its investment in Sharptext, Dublin-based office automation However, County NatWest Wood Mackenzie, TR Austra-lia's advisers, said that they had handled the placing of the products supplier, by £4.7m to finance the acquisition of Micro-Peripherals, a UK-based office automation company. The investment will increase DCC's stake in Sharptext from 20 per cent to 45.23 per cent. ENCON is to acquire the pri-vately-owned RGS Insulation Group for a gross consideration of £3.6m. RGS is one of the major insulation distribu-tors in the UK with a turnover

Save & Prosper Return of Assets Investment Trust had a HALMA has completed its net asset value of 312.7p per share at May 30 compared with 255.7p a year earlier. After exercise of warrants the value £1.9m acquisition of Thames Side Scientific, the Readingbased scientific company. Con-sideration is the issue of I.11m was 277.2p (229.Sp).

Net revenue for the year was £2.Sm (£2m) for earnings per share of 7.57p (4.92p) basic and fully diluted 6.33p (3.78p). As already announced, a final dividend of the fully diluted for the fully diluted for the fully diluted for the fully diluted for the full dividend for the full divid shares and £150,000 cash. A further profit-related payment maybe made to a maximum of El.1m in shares. HANSON says its SCM Chemicals is to spend \$67.5m on dou-

hling the capacity of its tita-nium dioxide plant at Ashtabula, Ohio, to 107,000 idend of 2.4p makes a total of 4.36p (3.87p) for the year. Gross income amounted to

This announcement appears as a matter of record only.

£19,250,000

Senior Debt and Revolving Credit Facilities

to Fund a Management Buy-Out

Arranged by

National Westminster Bank PLC

Acquisition Finance Unit

Funds Provided by

National Westminster Bank PLC

Westpac Banking Corporation

Equity and Mezzanine Finance Arranged by

Phildrew Ventures

Agent

National Westminster Bank PLC

NatWest Syndications

Nippon Credit Bank Limited

Union Bank of Switzerland, London Branch

Banque Indosuez, London Branch

The Tokai Bank, Limited

HIGHGATE & JOB Group: Directors say they have received no approaches and have no knowledge of any offers for the company. HOBSON has sold the Images Club, its health and leisure

club near Birmingham, for £580,000 cash. The sale also releases £200,000 of borrowings. LILLEY CONSTRUCTION has sold its Arabian Gulf operation to a management buy-out team for a total £1.1m, being net asset value. The husiness, which had a turnover of £4.2m in 1988, is primarily engaged in drainage and sewerage work. LONDON INTERNATIONAL Group has acquired Mini-prints, a photoprocessing com-pany servicing estate agents' accounts in Scotland and the north of England and Discprint which serves pharmacles and photographic dealers in central Scotland. Consideration for Miniprints was £2m, satisfied via the issue of 647,131 shares and £200,000 cash and for Disc-print was £400,000 cash. There will be further profit-related payments for Miniprints.

KWIK-FIT Holdings has acquired DC Exhausts, with 9 centres in Southern Ireland and Superfit Tyres and Exhausts with 4 centres in Northern Ireland. The acquisi-tion brings the total number of Kwik-Fit centres in Europe to

HOGG ROBINSON & Gardner Mountain is selling its interest in the business of C Howard and Partners, the school fees agency, for £451,000.
MARINES PETROLEUM:
Rights issue been taken up in respect of 40.58m shares representing about 74 per cent of the

MEYER INTERNATIONAL, through its Florida-based sub-sidiary Stottlemyer and Shoemaker, has acquired the mer-chants and timber business of Old South Lumber in Palmetto. The purchase, for about \$1.5m in cash, includes three acres of

NO PROBES: The Trade Secre-tary has decided not to refer the following proposed acquisi-tions to the Monopolies and Mergers Commission: Tilbury Group by Lilley, Steetley's acquisition of 75 per cent of Callet Gronp, Reed Interna-tional of Independent Televi-sion Publications and MacGre-gor of Aberdeen Glass & China.

Blacks calls on Goldberg to quantify its losses

By Philip Coggan

BLACKS Leisure, the retailer and fashion goods manufac-turer, has called on the board of A Goldberg, the Glasgow-based retailer for which it is making a £35.7m bid, to quantify the losses it has sustained since its trading year began on

March 26.
And Blacks has pointed out that it is at liberty to with-draw its offer if the trading position of Goldberg has shown a "material adverse change" since its bid was

Last Thursday Goldberg warned that "sales have con-tinued to fall short of targets and shareholders should be aware that the company is continuing to trade at a sub-stantial loss."

Although the company did

not make a profits forecast, the statement said that "market expectations of the likely ontcome for the year will prove over optimistic".

Mr Simon Bentley, chief executive of Blacks, said the position of Goldberg seems to be much worse than the board of Goldberg envisaged. It is in the best interest of Goldberg shareholders for a merger of the two companies to be effected as soon as possible."
Goldberg is continuing to reject the Blacks offer.

Stavert Zigomala advances

Stavert Zigomala, Manchester-based furniture and carpet wholesaler and retailer, raised its profit from £82,000 to £70,000 in the year ended March 31 1988.

Ordinary earnings were up from 14.92p to 17.26p and the dividend is raised to 15.15p (12,75p); on the deferred earnings came to 13.9p (11.94p) and the dividend 12.135p (10.135p). Turnover for the year was

ahead to £803,000, compared with £797,000.

SeaCon recapitalisation plan to ward off bid

By Philip Coggen

MR JAMES Sherwood, the president of Sea Containers, said yesterday that he expected in October to be able to put a recapitalisation plan to share-holders in his efforts to fight off an \$824m (£509m) hostile

The plan involves the sale of group assets and Mr Sherwood said he had already received offers which would allow him to pay a cash dividend of up to \$50 per share.

Mr Sherwood said he had

West Trust makes profit in second half

The acquisition expanded West Trust made a profit of 2548,000 in the second half. That enabled it to erase the midway deficit and finish with £519,000 pre-tax for the year ended March 31 1989, com-pared with a loss of £813,000. There is a return to divi-dends with an 0.25p payment. For the current year the direc-

tors expect to pay more.

They expressed confidence that the major steps taken to huild a profitable specialist textile group would lead to a very satisfactory result for this year, taking account of the economic outlook for the UK in general and the textile

trade in particular. Further acquisition opportunities were being investigated.
Turnover in 1968-89 came to £6.7m (£775,000). Earnings were 1.25p (3.26p losses).

between \$70 and \$100 per share, while the mechanics of the sell-offs were being implereceived an offer of over \$400m for his standard dry cargo con-tainers and of £100m for his Isle of Wight ferry operations.
Sally UK, the ferry company

Mr Sherwood also said that shareholders would be asked to approve changes in the com-pany's by-laws which would

protect the management in the event of a future bid.

The current \$50 per share offer is being made by Stena, the Swedish ferry company and Tiphook, the UK container rental group.

Kenmare lifts interest in Mozambique mineral project By Kenneth Gooding, Mining Correspondent

KENMARE Resources, the USM-quoted Irish natural resources company, has increased its shareholding in a major minerals sands project in Mozambique from 50 per

which is making a hostile bid for Red Funnel Group, has expressed an interest in buying

the Isle of Wight operations,

agreed to advance Sea Containers a bridging loan which will

allow the company to offer shareholders a package, worth

An investment bank has.

but has made no firm offer.

cent to 95 per cent.
Its previous joint partner,
the state-owned Geoloski
Zavod of Yugoslavia, retains a per cent carried interest in the project.

Mr Michael Nossall, Kenmare finance director, said a feasibility study on the Mozam-bique project by Davy McKee of Stockton should be completed next mouth.

The indications were that the project would cost about \$80m (\$49m) to bring into pro-

duction and the new equity structure would make it easier to raise the finance by reliev-ing Geoloski Zavod of any obligation to provide funding.

He said Kenmare honed to get finance from international aid organisations such as the World Bank's International Finance Corporation and the Commonwealth Development Corporation.

With Kenmare in control it would also be easier to bring in another partner, he added.

ICD telephone buyer is Maxwell

International Communication & Data, formerly Publishing Holdings, has identified the suitor interested in acquiring its telephone information hust-ness as Maxwell Communication Corporation. ICD is also understood to be considering the sale or restructuring of its only other, business, database marketing.

SHARE STAKES

posed of 963,333 shares (1.9 percent). Total holding beneficial 4.48m (8.5 per cent) and non-beneficial 4m (7.9 per cent). Dominion International: Com-Changes in company share stakes recently announced Amalgamated ... Financial Investments: Throgmorton Trust sold entire 2.96m shares panies under the control of (7.3 per cent). Birmingham Mint: A company Roy and Don Richardson bought 19m shares and own controlled by AJ Cross, a non-executive director, bought 76,000 ordinary at average 150p. Beneficial interest now 139,991. Bulmer (HP): JE Bulmer dis-

8.3m (11.82 per cent).... Erostin Group: Shares under management of John Govett for clients amount to 4.02m (18.29 per cent).

Flexelle Castors: Marcel Menko sold 8,000 ordinary at 180p: Total holding now Mr Menko 185,254 and Mrs JW Menko 675,254 (24.49 per cent). Hobsons Publishing: AA Bridgewater, director, sold 15,000 at 415p each. Holds 1.02m (29.3 per cent). per cent).

Israel (Jack L): Drying Corporation has bought 2m shares.

bringing total to 13.5m (14.65

Wholesale Fittings profits rise to £7.4m

WHOLESALE Fittings, the electrical distributor, showed an increase of 9.5 per cent in pre-tax profit, from \$6.78m to £7.44m, in the year ended April 28 1989.

Ramings for the year came to 35.5p (31.8p) and the final dividend is 12.75p for a total of

15.98p (12.89p).
Sales grew 14 per cent to £59.43m (£52m), while the operating profit rose 12 per cent to £7.35m (£6.56m) after losses of £118,000 (£50,000) on new depot

The directors said plans opening of two more outlets at Canterbury and Basingstoke, bringing the number to 43. And further areas were

being investigated to speed up the rate of openings and thereby increase geographical

spread.
In the first quarter of the current year sales were ahead of the comparative period, they reported.

FT Share Information Service

The following securities were added to the Share Information-Service in Saturday's edition:

Abbey National (Section:

Ensor Holdings (Industrials). Gowrings (Motors-Garages & Distributors). Malaya Group (Third MarNationwide Anglia 135%
Bds. 23.7.90 (Loans-Building Societies).
Sleepy Kids (Third Market).
Victoria Carpet Holdings

(Textiles). Video Magic Leisure (Third-Market). Westerly 11% Pref. (Industri-

BOARD MEETINGS

Sep. 8 Sep. 7 Sep. 4 Aug. 31 Aug. 28 Aug. 17 Sep. 14 Sep. 14 Nov. 10 Nov. 10 Aug. 23 Sep. 6 Abg. 26

U.S. \$500,000,000 National Westminster Bank PLC Primary Capital FRNs (Series "B")

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from August 14, 1989 to February 14, 1990 the Notes will carry an Interest Rate of 25%. per annum. The interest payable on the relevant interest payment date. February 14, 1990 against Coupon No. 10 will be U.S. \$4,504.17 and U.S. \$450.42 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank Augusi 14, 1989

LG INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET

Aug. 1966/1975 -1 Aug. 2346/2356 -8 Aug. 2714/2726 +8

Sep. 1974/1983 -1 Sep. 2356/2366 -8 Sep. 2724/2736 +8

Prices taken at 5pm and change is from previous close at 9pm

NEW HOMES ADVERTISING

appears every Saturday in the Weekend FT.

For further Information please call Genevieve Marenghi

			•					
FIN	FINANCIAL TIMES STOCK INDICES							
Aug 10	Aug 9	Aug.	Aug	Aog 4	High 1	989 Low	Since Cor	ppilation
87.54	. 87.38	87.34	86.87	. 86.87	89.29	83.75	127.4	49.18
97.71	97.38	97.63	97.39	98.04	99.59	95.21	105.4	50.53
1961.4	1972.0	1962.3	1957,0	1940.8	1972.0	1447.8	1972.0	49.4
197.2	197.9	198.2	202.4	-202.9	206.0	· · 154.7	734.7	43.5
1194.84	1200.27	1194.55	1191.07	1184.92	1200.27	921.22	1238.57	61.92
2347.3	2360.4	2348.1	2341.5	2327.5	2360.4	1782.8	- 2443.4	986.9

SAVE & PROSPER FAR EASTERN FUND S.A. NOTICE IS HEREBY GIVEN THAT:

A STATE OF THE STA

1. Having regard to the revenue deficit, the Directors have declared The Annual Oxdinary Meeting of Shareholders will be held at Cedar House, Forty One Cedar Avenue, Hamilton, Bermuda on 5th September 1989 at 12 noon for the following purposes:

a) To receive and consider the Report of the Directors and the Financial Statements for the year ended 30th June 1989.
b) To appoint auditors at a rate of remuneration to be decided by the Directors.
c) To fix the number of and to elect Directors.
d) To approve the remuneration of the Directors.
e) To transact any other business of an Annual Ordinary Meeting of Stransactions.

By Order of the Board F. CHESLEY WHITE



State Bank of New South Wales U.S. \$250,000,000

Extendible Floating Rate Notes due 1998 Guaranteed by the Government of New South Wales

Notice is hereby given that the rate of interest for the period 14th August, 1989 to 14th February, 1990 has been fixed at 813/e%. Interest psyable on 14th February, 1990 per U.S. \$10,000 Note will be U.S. \$450.42 and per U.S. \$100,000 Note will be U.S. \$4,504.17.

Agent Bank: only Trust Compa

Notice of Purchase



European Investment Bank 2100,000,000

9½ per cent. Notes due 1994

Pursuant to the terms and conditions of the Notes, notice is hereby given to noteholders, that during the tivelve-month period ended August 3, 1969, £5,000,000 European Investment Bank'e 9% per cent. Notes due 1994 have been purchased in satisfaction of the purchase fund. As of August 3, 1989, the principal amount of such Notes remaining in

circulation was £88,000,000. By: The Chase Manhattan Bank, N.A. Flacel Agent and Principal Paying Agent



	Ang -	Aug	Aug	Atig	Aug	Aog	19	89	Since Con	מח
	200 000		9 .	- 6	. 7	4	High (Low	- High	ŀ
Government Secs	87.32	87.54	. 87.38	87.34	86.87	. 86.87	89.29	83.75	127.4	Г
Fixed Interest		97.71	97.38	97.63	97.39	98.04	99.59	95,21	105.4	t
Ordinary	1969.6	1961.4	1972.0	1962.3	1957,0	1940.8	1972.0	1447.8	1972.0	H
Gold Mines	200.7	197.2	197.9	198.2	202.4	-202.9	206.0	154.7	734.7	۲
FT-Act All Share	1196.73	1194.84	1200.27	1194.55	1191.07	1184,92	1200.27		1238.57	H
FT-SE 100	2354.2	2347.3	2360.4	2348.1	2341.5	2327.5	2360,4	1782.8	2443.4	H
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August 14, 1989

INTERNATIONAL CAPITAL MARKETS

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Buy-out woes fail to dampen bank enthusiasm

several management buy-out financings have failed to dent bankers' general enthusiasm for the product which yields

higher margins and fees than anything else around.
On Friday, Bankers Trust, lead banker for Magnet's \$552m debt financing, sent shockwaves through the loans market when it announced it would withdraw the deal from syndication, leaving the nine syndication, leaving the nine undarwriters holding much more debt than they had expected. In explaining its reasons, Bankers Trust said the move was made in in light of various circumstances affecting the financing market for loans to this particular sector of borrowers, particularly the widely publicised difficulties experienced recently by transactions enced recently by transactions viewed by the market as being comparable."

Magnet's bankers had been trying unsuccessfully for about a month to syndicate the loans. The efforts came against a backdrop of bad news for the home furnishings end of the retailing business generally. Two weeks ago, it emerged that MFI, a kitchen and bed-room furniture retailer created hy the largest MBO on record in the UK, was able to meet only 82 per cent of its current year sales targets and was

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talking to its bankers ehout changes in its financing. Banks have been given until early this week to respond to a plan from MFI that calls for an injection of about £30m in equity funding from mezzanine investors and a restructuring. medinm-term maturities. About £18m falls due in 1989 with another £25m due in 1990. Lowndes Queensway, the furniture and carpets retailer, is holding talks with its bankers about a major-financial restructuring of the company and an announcement is expec-

ted this week. "The retailing sector has heen hit with e double whammy," said one banker. In short, while rising interest rates have increased the cost of borrowing for many compa-nies, they have also had the effect of reducing consumer purchases. So while expenses are rising, sales are falling - a bad combination in any event.

THE well-publicised woes of mammoth MBO's in the home products business have fallen on hard times notwithstanding, banks are apparently still eager to earn the hefty fees and mammoth margins available on the transactions.

Indeed, Charterhouse, which last week announced it was ceasing efforts to arrange a MBO for Ward White's DIY business, said it believed it had come up with a "bankable" plan that lenders would have happily backed. However, seen happily backed. However, seen in the context of an MBO for the entire company — which is fighting off a hostile hid from Boots — the deal was not saleable. In order for an MBO of the entire company to have worked, Ward White would have had to sell the DIY businesses of its Paylers and Fode. nesses of its Payless and Fads subsidiaries to its management at a price so high the sales would not have comfortably covered the debt service and

other expenses. Similarly, bankers said, the question of price marred the ability of Coloroll to arrange an MBO for its MDC carpet distribution husiness. Had Coloroll offered to sell the unit at a lower price, bankers would have happily joined in the fin-ancing, despite the sensitivity of the sector to high interest

Bankers also remain enthusi astic about the financing for the huy-out of Gateway, to become the UK's largest, citing the resistance of food retailing to slowdowns in consumer spending. Even when the economy is poor, people will con-tinue to buy food, but carpets and kitchens are easily dispensed with, bankers reason. But data from the University

of Nottingham's Centre for Management Buy-out Research (CMBOR) suggest that relatively few huy-onts occur in the retailing sector. Data through the end of 1988, the most recent period available, show MBOs of retail distribution and repair companies accounted for only 5.41 per cent of all business from 1982 to date. In contrast, the business and other services cate-gory accounted for 13.56 per cent of all activity while mechanical and instrument companies accounted for 12.38

But a quick reading of offer-

State Bearing the State State

ing documents for any MBO provides a quick insight into why bankers are willing to

take risks. Margins on the senior debt portion of these transactions typically are 1% to 2 per cent over Libor and subordinated debt carries margins much higher than that. With margins on loan facilities at % or even lower, it is easy to see the attraction of MBO

And with sovereign and cor-porate loan demand down sig-nificantly from last year's lev-els, MBO lending has provided a badly needed lift to the mar-

But while hankers remain enthusiastic, supervisors are injecting a note of caution. The Bank of England is stepping up its surveillance of MBO lend-ing. A spokesman said that the Bank is "asking more pointed questions about assessments of risk than wa were a few months ago." However, the Bank has not deviated from the view expressed by Gover-nor Robin Leigh-Pemberton earlier this year that UK com-panies maintain low rates of leverage compared with foreign counterparts and that MBO lending domestically has not been excessive.

Norma Cohen

INTERNATIONAL LOANS

Swiss franc bullet issue hits difficult target

LAST Friday, the Swiss franc foreign hond market witnessed an issue which at any other time might have been seen as a sign that the bleak situation of earlier this year was improv-

A swap-driven hullet-maturity SFri00m five-year private placement was leunched by Deutsche Bank (Suisse) for Ahbey National Treasury Services. It would be hard to imagine a combination that might better indicate the health of the market - a foreign bor-rower, a foreign lead manager, and a swapped straight deal all implied that the market's recurrent problems might ha over. The truth is rather less

The Abbey deal, which was swapped into floating rate US dollars, had an acceptable reception, and was quoted by the lead manager at around less 1½ hid, a discount just outside fees to co-managers. There were reports of demand from Swiss institutions and soma German banks. Deutsche Bank even said it had had less trouble syndicating the deal than it had anticipated.

However, the straight sector of the market remains in the shadow of its equity-linked rival, and economic fundamentals look like keeping it there for the rest of this year. The yield curve remains sharply inverted, offering investors lit-tle incentive to put their money into fixed-rate instru-

were launched. This year, the figures are seven issues worth **Swiss Franc Foreign Bonds** The chart shows the extent New issue volume (SFr bn)

Public (Straight)
Placements (Straight)
Equity-related

1986 87 88

Analysts point to the outlook

for inflation (despite the Swiss central bank's continued tight

monetary policy) and worries over the course of the US dol-lar as the principal reasons for

a lack of decisive demand. In

of the swing in favour of equi-ty-related deals. Straight issues in both the public and privete plecement sectors have declined markedly, particularly As the Tokyo market has

resumed its upward march and the Swiss domestic equity market rallied to its pre-crash high, demand for Japanese equity warrant and convertible bonds was tempered only by the increase in funds being committed directly to the equity markets. Last week, for example, saw Citicorp's equity warrants deal for Furuno Electric trade very strongly in both its cum-warrants and plain warrants forms.

In eddition, there is a growing market for covered war-rants, a sector which is developing apace. Advocates point to an increasing international-isation of the market, with deals for Japanese, American and other borrowers becoming typical.

addition, there has been e lack of arbitrage opportunities for many months, and only the occasional easing has allowed deals to be launched. Nevertheless, many syndicate managers and new issue traders think there is more "Volumes of straight new demand for fixed-rate bond international issues are down by around 70 per cent over the deals than might be apparent from the lack of volume. "If you can hring e quality bor-rowar with realistic pricing, then you will find huyers," comparable period last year," said ona syndicate manager last week. In the domestic market, the picture is not much said one trader. hetter. In July and August 1988, 16 issues worth SFrl.6bn

Given this, the nltimete debacle of the IBM Interna-

tional Finance SFr140m threeyear deal launched on 19 July by Swiss Bank Corporation is increasingly being seen as a significant missed opportunity.

On the day of launch, most reports concentrated on the fact that this was the first triple-A rated straight issue for a corporate borrower since May 1988, and added that this had been the cause of considerable celebration. There was limited comment that the deal might be in some sort of trouble. Only the next day did it become clear that there had

been big problems over the pricing of the deal which had caused its syndication to become a non-event. The bonds offered a 5% per cent coupon and were considered so tightly priced that none of the houses invited into the deal thought they could sell any paper. "The bonds were priced way below existing three-year paper, there was no way we were going to accept an invitation like that," was a typical reaction from

SBC was left with no alternative but to become the sole lead manager of the deal, with the result that placement of the bonds has been slow and unclear. "Given that secondary trading of this issue has begun, we are not seeing much paper in the market at the moment," said one trader.

syndicate managers.

No one except the lead manager and the borrower knows exactly why the pricing came so way out of line to the mar-

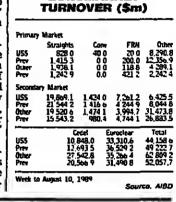
ket, but the effect has been unfortunate. Here was just the name investors were looking for to re-open the corporate sector, but it was coming at terms that made the market look silly.

What the market bas to hope is that the IBM deal will not deter future borrowers, and that iovestors can be persuaded that there is real value in the Swiss market.

To some extent, the market's fate lies with the economic fundamentals mentioned above. However, cynics add that there is still a primary need to break down some of the barriers which have protected the mar-

EUROMARKET

Andrew Freeman



						NEW INTE	RNATIO	NAL BOND ISSU	ES						
Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield	Borrowera	Amount m.	Maturity	Av. life years	Coupon	Price	Book runner	Offer yiel
US DOLLARS								Tasaki Shinju Co.★★◆◆	80	1994		2%	100	Canca del Gottardo	2.87
Nisshin Steel 4 Nisshin Steel (a) 4 Nippon Sanso KK 4	400 200 400	1993 1993 1993	4 4	3¾ 3¾ 5¾ 3%	100 100 100	Nomura Int. Yamaichi Int. (HK) Yamaichi Int. (Eur)	3.750 3.750 3.750	Furuno Electric Co. **** Hokkaldo Bank(e) *** Kawasumi Labs.(i) ***	100 200 40	1994 1993 1994	:	2	100 100 100	Citicorp Inv. Bank SBC Nomura Bank (Switz)	2.87
Tokyu Car Corp.♦♦ EDF(d)♦ Vitamin 'A'(g)‡♦	130 50 37	1993 1999 1993	912	3½ 9½ 20bp	100 106 ⁵ 8 100.10	Yamalchi Int. (Eur) J.P. Morgan Secs. Nippon Credit Int.	3.875 8.443	Abbey National Treas.** STERLING	100	1994	-	514	10138	Deutsche Bk (Suisse)	5,42
Thalland, Kingdom of(k) ♦ Asahi Brewerles ♦ Bqe Nat. de Paris(n) ♦	200 1bn 50	1999 1993 1994	10 4 5	8.7 (4 ¹ 8) 8 ⁵ 8	100 100 1013	Salomon Brothers Nomura Int. BNP Capital Markets	8.889 * 8.185	Agricultural M'gage Crp Deutsche Bank Fin.(b) LUXEMBOURG FRANCS	150 100	1994 1994	5 4.6	11 ¹ 2 11	101.95 100 ¹ 2	Paribas Cap. Markets Baring Grothers	10.97 10.81
AUSTRALIAN DOLLARS			· .					Li.V. Int. Finence**	300	1992	3	8	101	Credit Europeen	7,61
GMAC Australia◆ UBS Finance◆ NEW ZEALAND DOLLARS	60 75	1993 1994	5	151 ₂ 14	101½ 101¾	Deutsche Bk Cap.Mkts UBS Phillips & Drew	14,604 13,461	PIBA(m)★★♦ PIBA(m)★★♦ First Nordic Bank★★♦ ESAB Finance★★♦	300 300 300 300	1992 1992 1993 1994	3 S Sl ₃	8 8 ¹ 4	100 ⁵ 8 100 ⁵ 8 101 100 ¹ 4	Banque Paribas Lux. Credit Europeen C.d'Epargne de l'Etat Kredietbank Int.	7.75 7.75 7.87 7.93
Telecom Corp. N.Zealand◆ ANZ Banking Group◆	. 75 . 60	1993 1992	.4 3	13 ¹ 8 13 ¹ 4	101,90 102	Westpac Banking Corp Hambros Bank	12,493 12,411	YEN							
D-MARKS								Kansaltis-Osake-P.(f)◆ Sparekassen SDS(h)◆	Sbn Sbn	1992 1992	3	8	101 5g 101 3g	New Japan Secs. Bk of Tokyo Cap, Mkts	7.37 5.49
Prima Meet Packers++ SWISS FRANCS	150	1994	5	158	100	Commerzbank	1.625	Skopbank(f) CIBC(f) *Not yet priced. **Private places	36n 36n	1992 1992	3 3 5Conwedib	7.2 8	101.862 101 ³ 8	Mitsul Fin. Int. Bankers Trust Int.	5.49 7.47
Nisshin Steel Co.(c)★★5◆ Daishinku Corp.(i)★★5◆ Michinoku Bank(j)★★5◆	300 90 60	1994 1994 1993	:	Z'N'Z	100 100 100	Ege Peribas (Suisse) SBC Credit Suisse	0.500 0.500 0.500	in January, c) Yield to put 3,705% Recemption linked to Nikkel stock put 3,83%, () Yield to put 3,87%, k) bond launched in Judy, Note: Yield	index, g) 20b Launched on	with lesues b p over 6-mon US domestic	otaling \$500 th Ubor. h) market h in	m launched i Redemption ii	n February Inked to Ja	and April. e) indicated yield penese Gov. bond lutures co	to put 4,072% intract in Yield i

NOTICE OF REDEMPTION

To the Holders of

A/S Eksportfinans

13%% Sinking Fund Debentures Due 1992

CUSIP No. 282645AA8*

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of June 15, 1982, as supplemented (the "Indenture"), between A/S Eksportfinans and United States Trust Company of New York, Successor Trustee (the "Trustee"), that \$60,000,000 principal amount of A/S Eksportfinans 13%% Sinking Fund Debentures Due 1992 (the "Debentures") has been selected for redemption on September 1, 1989 at a Redemption Price equal to 100% of the principal amount thereof in accordance with the Sinking Fund provided for by the terms of the Debentures and as epecified in Section 1203 of the Indenture. The following are the serial numbers of the Debentures which will be redeemed in whole or in part:

The certificate numbers of the Bearer Debentures in the principal amount of

\$5,000 bearing the prefix C to be redeemed in whole:

The certificate numbers of the Registered Debentures in the principal amount of unlimited bearing the prefix R to be redeemed in whole or in part:

			no promise no no no			
Carifficate Number	Amount Called	Cortificate Amount Collect	Certificate Assessed Called	Certificate Amount Phamber Celled	Carillicate Amount Called	Cortificate Amount Colled
3901 3903 3904	\$ 8,000. 279,000 280,000	3905\$12.112.000 380640,441,000 39161,000,000	3819 \$1,000,000 3820 1,000,000 3821 1,000,000	3922 \$500,000 3923 500,000 3624 500,000	3925 \$500,000 3926 100,000 3927 100,000	3928 \$100,000 3929 100,000 3930 100,000

Subject to the receipt of required funds by Bankers Trust Company as Paying Agent, the Debentures or portions thereof so designated for redemption will become due and payable, at 100% of the principal amount thereof, npon presentation or surrender thereof, on or after September 1, 1989 at the office of Bankers Trust Company, Corporate Trust and Agency Group, 123 Washington Street, First Floor, New York, New York. If hy mail, the Debentures should be sent to Bankers Trust Company, Corporate Trust and Agency Group, P.O. Box 2579, Church Street Station, New York, New York 10008 or in either such case to Bankers Trust Company, London, subject to any applicable laws or regulations in the country where the office is

On and after September 1, 1989 interest on the Debentures or portions thereof so designated for redemption will cease to accrue. Payment of the registered interest due September 1, 1989 will be made in the usual manner. Redeemed bearer Debentures should be presented with all coupons maturing after September 1, 1989. Coupons maturing on September 1, 1989 and prior thereto should be detached and surrendered in the usual manner. Upon presentation for redemption of Debentures which are to be redeemed in part only as above specified, a new Debenture of said 13%% Sinking Fund Debentures Due 1992, of a principal amount equal to the unredeemed portion of each such Debentures, will be issued in lieu thereof.

> A/S Eksportfinans By: United States Trust Company of New York, the Trustee

IMPORTANT TAX INFORMATION

Please read this notice carefully

Under Federal income tax law, paying agents may be required to withhold 20% of payments to holders presenting their Debentures for redemption or for payment at maturity if such holders have failed to furnish a taxpayer identification number to the Paying Agent certified to be correct under penalties of perjury (or that such holder is awaiting a taxpayer identification number). Certification may be made to the Paying Agent on a Letter of Transmittal obtained from said Paying Agent, which should be completed and returned with the called Debentures.

*This CUSIP number has been assigned to this issue by Standard & Poor's Corporation, and is included solely for the convenience of the holders. Neither A/S Eksportfinans nor the Trustee shall be responsible for the selection or use of this CUSIP number, nor is any representation made as to its correctness on the Debentures or as indicated in any redemption notice.

These securities have been sold outside the United States of America and Japan. This announcement

NEW ISSUE

10th August, 1989



DAICEL CHEMICAL INDUSTRIES, LTD.

U.S.\$300,000,000 3¾ per cent. Bonds 1993

with

Warrants

to subscribe for shares of common stock of

DAICEL CHEMICAL INDUSTRIES, LTD.

ISSUE PRICE 100 PER CENT.

Nomura International

Mitsui Finance International Limited **Daiwa Europe Limited**

Mitsui Trust International Limited LTCB International Limited Taivo Kobe International Limited Barclays de Zoete Wedd Limited **Chase Investment Bank** Cosmo Securities (Europe) Limited Credit Suisse First Boston Limited **Deutsche Bank Capital Markets Limited**

Enskilda Securities KOKUSAI Europe Limited Mitsubishi Finance International Limited J.P. Morgan Securities Asia Ltd. Norinchukin International Limited J. Henry Schroder Wagg & Co. Limited Société Générale

Wako International (Europe) Limited

The Nikko Securities Co., (Europe) Ltd. **UBS Phillips & Drew Securities Limited**

IBJ International Limited Sanwa International Limited Amsterdam-Rotterdam Bank N.V. Baring Brothers & Co., Limited Commerzbank Aktiengesellschaft Crédit Commercial de France Dai-ichi Europe Limited Dresdner Bank Kleinwort Benson Limited **Merrill Lynch International Limited** Morgan Grenfell & Co. Limited New Japan Securities Europe Limited **Salomon Brothers International Limited Shearson Lehman Hutton International Swiss Bank Corporation** S.G. Warburg Securities

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Prices data confound bond traders

or shelter destroy the purchasing power of a fixed income. Everybody knows they love falling prices because then their coupons and principal can buy more of everything. Last week was different.

Early on Friday morning, the Federal Government announced that producer prices in July fell 0.4 per cent. This is the biggest drop for three years and comes after a fall of 0.1 per cent in June. Producer prices are not consumer prices but, in normal times, this disinflationary report should have sent the bond market through the roof. But between the middle of the morning and the late afternoon, the bond market fell to bits. Short maturities fell by the best part of a point while the longhond went back to yielding over 8 per cent. The stock market also dropped

Admittedly. Wall Street was in poor shape to take any sort of setback because the trading bouses were stuffed full of new bonds from the Treasury's quarterly auction earlier in the week. The sales of three-year and 10-year notes were ill received on Tuesday and Wednesday. Thursday's auc-tion of 30-year bonds went better but that was not least because many traders had sold the market short and were forced to buy back in when Japanese buyers suddenly surfaced. By Friday morning, the market looked like an accident

waiting to happen.

Even so, the sharp fall in bond prices was bizarre. It now appears that for much of July, the bond market really was betting that the US economy would slide into recession, businesses would fail, people

By Robert Gibbens in Montreal

Canada's four largest inte-

grated financial services groups, posted a big turnround

in profit in the second quarter. This was because of better performance by its life insurance

Net income climbed to

C\$8.8m (US\$7.52) or 17 cents a share, from C\$1.6m a year ear-

Laurentian posts recovery

LAURENTIAN GROUP, one of lier when no earnings were

EVERYBODY knows that bond investors hate inflation because rising prices for food would fall for lack of has produced some genuina demand. It was with this prospect in mind that investors drove the long bond yield under 8 per cent in the last week of July. The past week has shown the market has given up this optimistic view. As Mr Robert Brusca, an economist at Nikko Securities, put

it on Friday: "The bond market was looking for a recession and all it's getting is a slowdown." The turning point in market thinking occurred not last Fri-day but the Friday before when the Labor Department reported onexpected increases in employment for the early summer months. This dealt the recession prognosis one blow. The second fell on Friday in figures on retail sales in July that followed the producer

price data.

There was nothing particularly alarming about the July retail sales figures, which showed an increase of 0.9 per cent last month while the figures for June were revised asside sales upwards. Leaving aside sales of automobiles, which rose sharply from a weak June as Detroit tried to clear its inventories with special discounts, retail sales were up just 0.4 per cent. Consumer confidence, as measured by the Conference Board, is higher than at any time since 1969 - since Wood-stock, indeed, as Smith Barney commented wistfully. But though bond investors might deplore this getting and spending, they cannot really com-plain that it is leading to price seemed to show quite convinc-ingly there was nothing to worry about on that front. As Griggs & Santow, the money market analysis firm, said with

attributable to the common

Half-year profit was C\$14.5m, or 27 cents a share, no from C\$8.3m, or 13 cents, on revenues of C\$1.1bn, unchanged.

The life insurance sector con-

tributed C\$5.3m to earnings,

against a loss of C\$3.5m a year

has produced some genuina price weaknesses compared with earlier in the year. The market's problem is that

it has hid up bond prices so high in the rally of the past nine months that they require more than this hum-drum picture to support them. At the short end, bill and note rates have been discounting a move by the Federal Reserve to ease monetary policy to stimulate the economy. At the long end, bond yields have fallen to the point where they offer inves-tors preciously thin pickings after accounting for inflation. Even after the fall in producer prices, consumer prices are probably still rising in the order 4.5 to 5 per cent a year: or, at least, there is no evi-dence yet that consumer price inflation is lower than this range. It is unusual, to say the least, for investors to be satisfied with inflation-adjusted

yields of under 3 per cent.

There are people in the market that still think that Mr Alan Greenspan, the chairman of the Federal Reserve, will ease monetary policy to avoid further economic weakness. He has spoken openly of the threat of a recession. Mr Brusca said: "The price data is decisively weak. You've got

inflation and a strong dollar. There has got to be a possibility for easing." None the less, it is almost unthinkable that the Fed will ease before the meeting of its open market committee on August 22, and not very likely then. Equally, it is hard to see long-term yields falling below 8 per cent again unless the recessionary camp can come up with some more

convincing evidence. There remains one market anomaly. The stock market, though it has failed to close above all-time highs, is certainly not expecting a recession in the near future. Nor are the foreign exchange markets nor the bulk of investors in Treasury bonds. But the mar-ket for the \$200bn in low-grade corporate debt, or junk bonds, remains deeply depressed. With their leveraged balance sheets, junk bond issuers are much more vulnerable to a recession than blue-chip corporations or, naturally, the Treasury. But this scarcely justifies the yawning yield spreads in the tunk bond market. Either the junk bond market knows something the other markets don't, or junk bonds are a buy.

James Buchan

US MONEY MARKET RATES (%)								
	Last. Friday	1 wrek ago	4 wis ago	12-month High	12-morti			
Fed Funds (weekly armage) Three-month Treasury bills.	9.00 8.18 8.06	8.87 8.11	9.00 7.96	10.00	6.27 6.96			
Six-roomh Treasury Mils Three-month prime COs 30-day Commercial Paper	8.06 8.80 8.70 8.45	8.87 8.11 8.11 8.55 8.60 8.40	7.88 8.97 9.05	9.59 10.15 9.70	7,42 6,77 6,55 6,65			
90-day Commercial Paper			8.75	10.05	6,65			
OS MOND PHA	Last. Fri.	Citange on wk	Yield	1 week	4 wk.			
Seren-year Treasury 20-year Treasury 30-year Treasury	99 110½ 200±	-5 ₁	8.07 8.20 8.11	7.93 8.05 8.07	7.99 8.11 8.04			

		PERF	DRMANCE I	NDEX	
December 1983 = 100	20/8/89	Average yield (%)	Last	12 wis	26 wis
Ostrall	149.92	5.62	149.88	148.14	148.49
Government Bonds	150.17 151.68	4.91	150.28 151.50	149.41	149.21
Govtguaranteed Bonds	152.54 143.83	6.37	152.36 143.66	150.98 141.87	151.85 141.51
Corporate Bonds	152.07 156.15	6.31 6.37 6.19 6.43 6.11	151.88 155.99	150.26 154.10	148.62 152.75
Covernment 10-years	5.00		4.98	5,06	4.88

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UK GILTS

Wages fears oust those on demand

PROBABLY no great significance was meant but certainly it was symbolic. Illustrating the front page of the Bank of England's short goide to its quarterly hulletin last week was a chart showing the rapid acceleration in unit wage costs in the past year. Gradually, the gilts market is seeing fears about inflationary labour market pressures

replacing concern about the consequences of excessiva domestic demand growth. Official retail sales figures last Monday showed the annual growth rate at a sevenyear low. If that was not enough avidence of a slow-down today's Confederation of British Industry/Financial

Times distributive trades survey must be the clincher.
Instead, attention has begun to shift towards damaging cost pressures — most particularly from higher costs of labour for

each unit of output.
The Bank itself appeared relaxed when its bulletin was published on Thursday - per-haps, some suggested, even a bit smug. The message was that adjustment in the economy is progressing as expected although there remains a long way to go. It emphasised that interest rates will have to remain high for some time, at least until the direction in which the economy is turning-

becomes crystal clear.

In other words, a cut in base rates to coincide with the ruling Conservative Party's conference in October is unlikely

UK gilts yields Restated at par (%) Aug 4,1989 Aug 11,1989

to be justifiable - at least on economic criteria. At the same time, the worst of the bad news

has probably past. But if there was an area for concern about the domestic economy then, the Bank seemed to agree that it lay in the labour market. Rising unit wage costs in the service sec-tor, it warned, could be the economy's "Achilles heel." Bank estimates put current growth in the private sector as high as 8% per cent a year. That said, the Bank went out

of its way to emphasise that wage settlements were not high compared with what might be expected. With the August retail price index (published in September) expected to show a fall from July's (due on Friday), inflationary perceptions should be lowered, mod-erating pay demands. The Bank's sanguine outlook

for the labour market is con-sistent with its prediction that the Public Sector Debt Repayment (PSDR) in 1989-90 may be less than the 214hn forecast in the Budget. Although the Bank specifically pointed to tha take up of personal pensions as depressing the surplus, slower growth in earnings also means less tax receipts.

The difficulty is going to be stopping the momentum that has already built up on the pay front. Latest results from the CBI's pay databank show settlements in manufacturing edging higher in each of the last four quarters. In private sector services settlements are sector services, settlements are probably running at the high-est rate for eight years. If settlements pick up still further, not only might the

PSDR be greater than expec-ted, but the ontlook for inflation will also be worse than many are currently predicting.

THE Bank of England's built-tin is also a cue for gills mar-ket analysts to reach for their calculators. The statistical data it included showed the size and composition of the Govern-ment's buying in operation in the first three months of the

current financial year.
The figures show that pur-chases totalled almost £3hn. That was lower than the 23.75hn bought in the last quarter of the previous finan-cial year, but nevertheless sub-stantial. The authorities, it appeared, were anxious not to repeat last year's performance

when they had to rush parchases to approach the target of fully compensating for the PSDR over the financial year. How much more will be needed to be bought in over the remainder of the 1989-90 financial year depends partly on assumptions about the size of the PSDR and the effect of intervention on the foreign exchanges. Estimates vary from about £40n to £90n.

Even if the larger figures prove nearer the mark, it still means a disproportionately large share of this year's buying-in has already occurred.

That removes some of the support underpinning prices, leaving the market more vulnerable to bad economic news.

hle to bad economic news.

No clear signals emerge
about the composition of the
buy-in. The authorities
reverted to buying mostly
medium (five to 15 years to
maturity) and long-dated (more
than 15 years) stocks with
£1.61bn and £1.31bn respec-

Purchases of short-dated stecks, which reached £1.22bn in the last quarter of 1988-89, were negligible. Suggestions that the authorities were haying short-dated stock in order to give hints about the direction of base rates should there

fore be dispelled.

If there is a lesson, it is that the authorities are not relying on science but that their main concern is to buy cheaply whatever stock is available.

Ralph Atkins

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INTERNATIONAL COMPANIES AND FINANCE

Calls to bring watchdogs into line

David Lascelles on moves to harmonise securities rules worldwide

or years, practitioners and regulators of the securities business have been calling for greater international consistency in securities regulation.

In particular, there have been calls for a "Cooke Committee" for the securities industry - a reference to the Basic-based group of interna-tional hanking supervisors which has been working for more than 15 years on a global regime for the banking indus-try. Its work culminated last year in an internationally agreed set of rules for capital adequacy which, by general consent, has helpad hring greater order and fairness to the world banking market.

Part and the second

Raigh Ada

The securities industry lacked a comparable body. Now the International Organisation of Securities Commissions (IOSCO) is preparing to take a leading role.

The proposals which the Montreal-hased body will be putting forward at its annual conference in Venice next month will mark the first seemed. in the creation of internationally agreed rules for the securi-ties industry. These will reflect the growing internationalisation of securities markets in recent years - and the need for countries to be more consistent in their regulatory approach, and for regulators to be able to swap information to keep track of securities firms'. cross-border dealings.
One of the officials close to

the discussions said: "There is a real readiness on the part of regulators to go down a common road.

lOSCO's task differs in many respects from the Basle Committee's. IOSCO lacks - at mittee's losco lacks - at present at any rate - Basia's anthority. So it needs to pro-ceed more cautiously to obtain consensus. And consensus will be more difficult to achieve because of the diversity of securities industries in different countries.

Mr Alan Greenspan, the Fed chairman, recently told a Senate Committee that he supported harmonisation efforts. But he warned: "The nature and regulation of securities markets have been sufficiently diverse that a multilateral regulatory approach along tha lines of the Basle agreement on capital guidelines for commercial banks may be difficult."



Jeffrey Knight, the chief execu-

tive of the London Stock

Although IOSCO declines to

discuss the working party's proposals in advance of the

Venice meeting, it is clear that they will advocate a particular

approach to the problem rather than put forward a ready-made

set of rules. There will not, for

example, be Basic style formulas for capital adequacy or minimum ratios at this stage. The kind of issues which

prompted these discussions included the emergence of

huge multinational securities

firms, operating in many coun-

tries at once, and often engag-ing in activities abroad which

are not permitted in their home countries. Financial

innovation has also thrown up

new sorts of risks which need to he monitored. All this

required more regulatory co-

The main achievement of the

group has been to obtain agree-ment among the leading nations on the type of capital adequacy regime that will become universal. This will be

modelled on the so-called risk-based system which links the

amount of capital which an individual firm needs to the risks in its trading positions on a daily basis. This is the sys-

tem used in tha US and the UK

and which the Japanese have pledged to introduce next year.

This system was thought to

lange, was chosen to head

Alan Greenspan: supports harmo will be slow. But officials point

out that it took Basle more than a decade to get where it is now, and even so its work is not complete.

Whatever emerges from the discussions will also be in the nature of a voluntary agreement, like Basic But if the Basic pattern is any guide, countries which do not subscribe to it will be conspicuously ostracised by the rest, and risk acquiring a bad name. IOSCO is a relatively new arrival on the international scene. Established originally as a forum for South American securitles regulators, it has grown in the last few years to include all the major industrial nations. Today, it is the leading international body for securities regulators with 50 members, including the US Securities and Exchange Com-mission, the UK'a Securities and Investments Board, the Securities Burean of Japan's Finance Ministry, and France'a Commission des Opérations de

Two years ago it set up a technical committee to look into international regulatory problems. This was split up into several working parties, one of the most important of which was to look into the defimition and maintenance of capital adequacy for multinational securities firms, and the exchange of financial data

between regulators. Its members include representatives of the 12 countries with the most developed securities industries: Canada, France, Australia, Germany, Hong Kong, Italy, Japan, the Netherlands, Sweden, Switzerial banks may be difficult." Netherlands, Sweden, Switzer - sion thereafter. This is waste-IOSCO accepts that the work land, the US and the UK. Mr ful and tends to discourage

One event which gave the working party considerable impetus was the October 1987 market crash. Although it happened only months after the group was formed, it showed regulators that they needed to co-operate - and could do so successfully.

More recently, though, they have also been keen to influ-ence the growing debate within the European Community over the shape of the single market for securities. With an invest-ment services directive now taking shape, they want to ensure that the EC regime is consistent with the approach taken by the IOSCO initiative. Although all the leading EC

nationals are members of nationals are members of IOSCO, this was no guarantee that the EC would adopt the same tack. "There is a desperate need," one official said, "to ensure that rules in Europe are not developed which are wholly incompatible with those in the UK and the US."

One problem is that, in Continental Europe, the bulk of the securities business is conducted by banks. The IOSCO

ducted by banks. The IOSCO proposals specifically cover only non-banks. But there is a widely recognised need for hanks and non-banks to he similarly regulated for reasons

of competitive equality.

The IOSCO proposals are likely to receive a mixed reaction within the securities industry itself. Although many practitioners have backed calls for greater international har-mony, others say they are wor-ried that this sort of initiative will only create yet another layer of rules. Practitioners have not been invited to present their view to the IOSCO working party, and this could provoke a stronger reaction when they are laid before the

public next month. IOSCO officials are optimistic that their initiative will eventually produce substantial results. Aside from this working group, there are others looking at multinational share offerings, multiple listings, accounting standards, off-mar-ket trading, clearing and settlement, and futures markets.

be more effective and flexible "There is a great deal of determination on the part of securities regulators from all round the world to deal with these matters," said Mr Jean-Plerre Cristel, IOSCO's assisthan alternatives, such as requiring high minimum capi-tal as a condition of entry into the business, but little supervi-

| Corona wins battle for Ontario gold mines

By Robert Gibbens in Montreal

CORONA Corporation has won tha long battle for Canada's richest gold mines, which are in the Hemlo area of Northern

The Supreme Court of Canada, upholding two lower court decisions, has ruled that Lac Minerals must hand over the Page Williams mine to Corona. It has estimated reserves worth between C\$3bn (US\$2.56bn) and C\$4hn. The legal hattle over ownership began in 1981. The court ordered Corona

and its partner, Teck Corpora-tion, to pay around C\$210m to Lac to compensate it for devel-opment costs for the Page Wil-

All five Supreme Court indges found thet Lac had broken a confidentiality agreement with Corona by buying claims in 1981. Lac finally bought the Page

Williams property because of information it received under the agreement from Corona, then a small mining company, they said, and that it used the information to the detriment of

Corona. Mr Peter Steen, Corona's president, said his company hopes to take over the mine immadiately. Page Williams will produce nearly 500,00002 of gold this year. With its share of production, Corona will become Canada's third-largest gold producer.

Corona will step up explora-tion, and Page Williams will replace declining production at its British Columbia gold mine

and much more. Teck, the big Vancouver mining group, owns 50 per cen of Page Williams, under a 1985 agreement with Corona, and hares profits. It also will share in the repayments of develop ment expenses to Lac.

Correction Novo-Nordisk

FIRST-half pre-tax profits by Denmark's Nove-Nordisk were DKr589m (\$77.6m), not DKr76.7m, as stated in a report on August 10. Sales by the health care group were DKr2.7bn and not, as reported,

CLOSING MARKET

Lowndes Queensway to unveil refinance package

By Maggie Urry

A REFINANCING package for Lowndes Queensway, the fur-niture and carpet retailer chaired by Mr James Gulliver, should be announced by the end of this week, Mr Eddie Dayan, managing director, sald yesterday. The company was formed by the £450m leveraged buy-out of Harris Queensway last summer.

Responding to rumours that the retailer was in trouble, Mr Dayan said: "Receivership ia completely out of the question. There is no crisis." He said the problem was essentially one of short-term cash flow and that the group's trading strategy was working better than internal forecasts.

Many retailers of such big ticket items as furniture, car-pets and electrical goods have seen sales fall following the rise in interest rates and slow-down in the housing market.

Mr Dayan said he could not reveal details of the refinancing which is in the final stages of negotiation, but that the package would enhance the group's balance sheet.

It is thought by bankers that Lowndes Queensway will need perhaps £15m to £20m of new money and that some repay-ments to banks will be rescheduled. This is expected to be sufficient to ensure the group has sufficient working capital to see it through the current trading difficulties

Mr Dayan said an announcemant would be made today which he thought would stop the company's share price sliding further. It is likely to be a olding statement to reassure shareholders and employees

The shares fell 5%p to 22%p on Friday, and have fallen coosiderably since they were valued at 100p at the time of the buy-out by Hoare Govett, Lowndes Queensway's brokers.

The refinancing was needed because of short-term indicates.

because of short-term trading difficulties, with sales in the shops running "substantially below last year on a like-for-like basis," Mr Dayan said. Recently trading had improved slightly, he said.

Lowndes Queensway also needed extra funding for a pro-gramme to refurbish some of the group's stores which would cost £10m in the current financial year, ending January 1990. Results from stores which had been changed to a new format were "outstandingly good," Mr Davan said.

The group planned to switch 80 carpet shops and 20 furni-

ture stores to the new formats by the financial year-end. Those which had already been changed were showing sales gains of 43 per cent in carpets and 23 per cent in furniture, sufficient to pay back the investment in eight months

and one year respectively. Last week Mr Gulliver and Mr Dayan met the group's larger institutional sharebold-ers to explain the refinancing plans. These meetings went well, Mr Dayan said.

The refinancing will involve shift of some medium-term debt to short-term debt. Sales of businesses and some shops had raised £91m in cash for Lowndes Queensway, most of which had been used to repay debt, he said.

The group had been on course to finish the financial year £30m ahead of target on the repayment of medium-term debt, Mr Dayan said, but was in need of a larger overdraft.

The medium-term debt is at fixed rates of interest of about 13 per cent, but overdraft rates are higher. However, the extra interest rate burden would not be large, Mr Dayan

Ward White, Page 14; Euro-

Accounting firms agree merger

THE US partners of Deloitte Haskins and Sells and Touche Ross, the accounting firms, have approved a merger, the firms announced last night,

Renter reports from New The combined firm will have 65,000 employees world-wide, and revenue in 1989 of more than \$4hn. Partners outside the US are expected to approve the merger over the next several months.

The new firm will be known as Deloitte and Touche in the US and Deloitte Ross Tohmatsu internationally. US employees will number about

20,000, Mr Michael Cook, Deloitte chairman and chief executive, said: "The increased strength of the new firm in key European and Asian markets will enhance the resources available to meet our clients' needs as they respond to the economic unification of Europe targetted for 1992 and the opportunities in the Pacific Rim."

Mr Edward Kangas, manag-ing partner and chief executive of Touche Ross said that the combined organisations would clients with provide a broader range of services and greater industry and other specialised

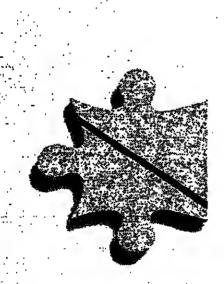
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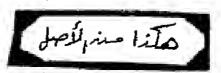
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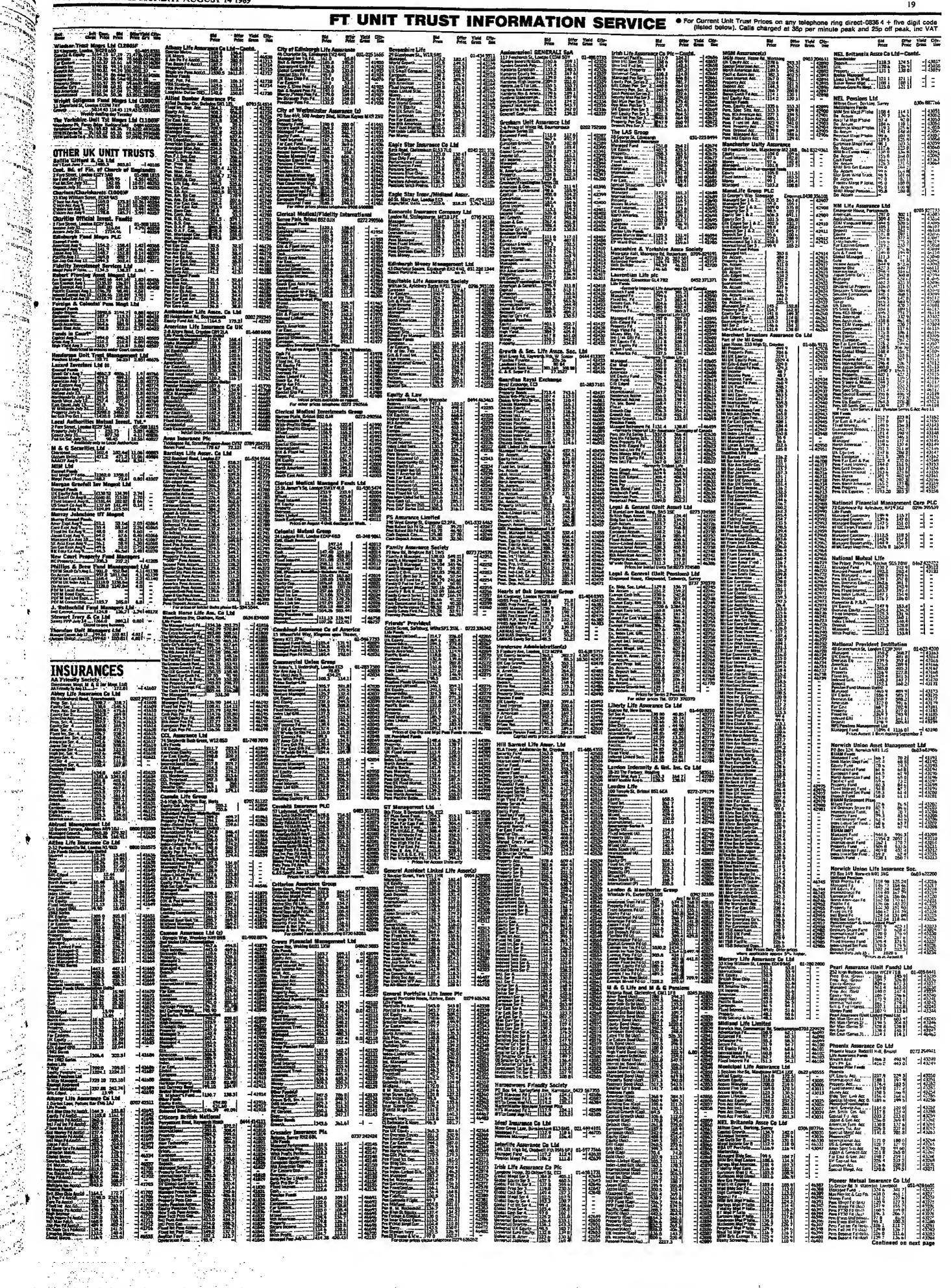
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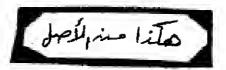
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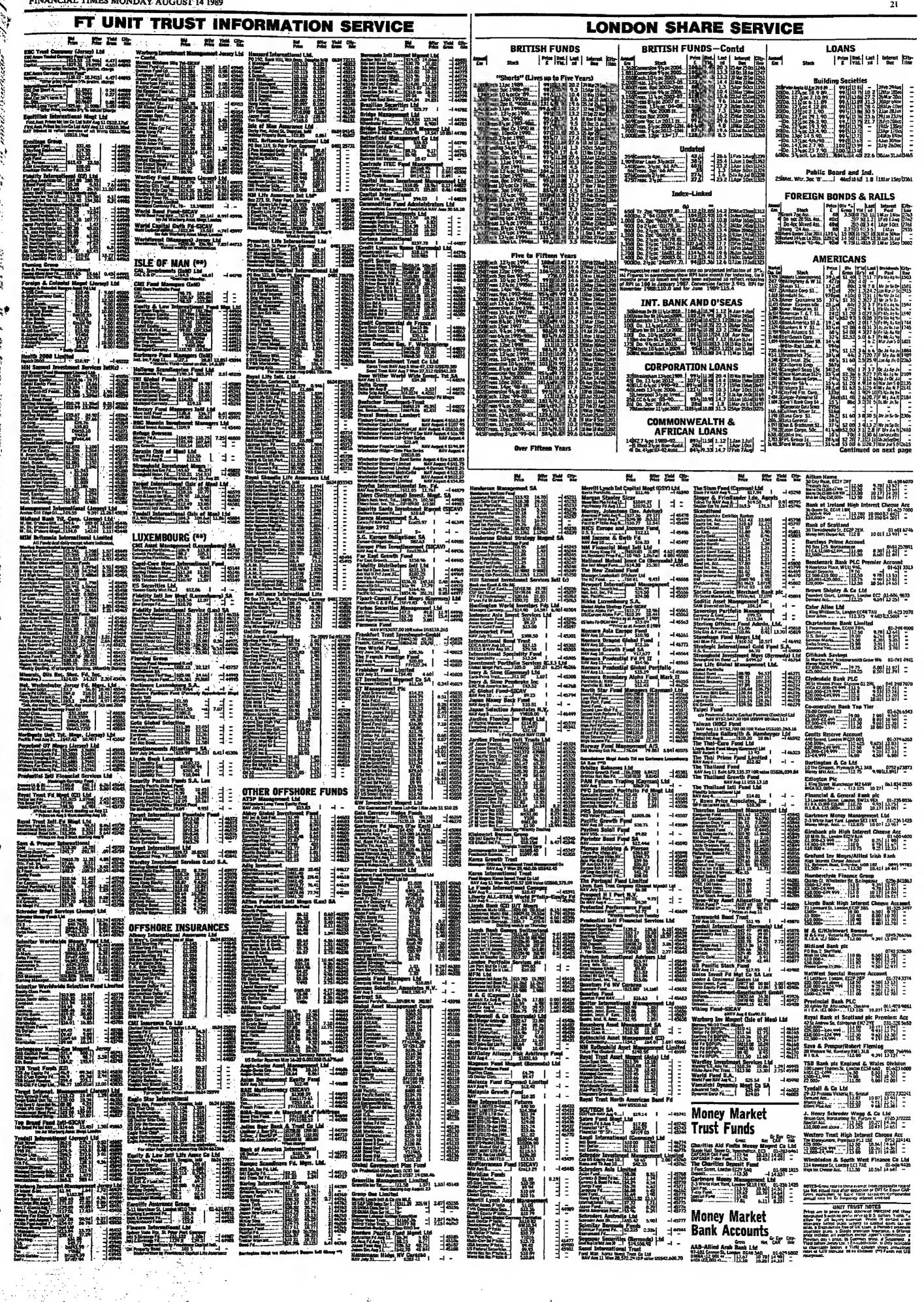
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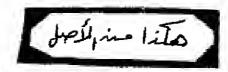
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LONDON SHARE SERVICE

OFFICE OFFIC LEISURE TRUSTS, FINANCE, LAND - Contd PAPER, PRINTING, TEXTILES -- Contd | Price | Dir | Yeal Last | Deblement | City | Paid | Item | Number | State | Price | Pri ADVERTISING -- Contd ADVER Navier Co. Sm. 2 40/Shelter (Martin) 18th v. 253.7 Shelter (Martin) 18th v. 254.9 Shelter (Martin) 15th v. 22.9 Shelter (Martin) 15th v. 22.9 Shelter (Martin) 15th v. 22.9 Shelter (Martin) 15th v. 22.8 Sh. M. Paper 10th v. 258. Sh. M. Paper 10th v. 259. Sh **TOBACCOS** 12.79.2BAT hots. od 836 420.1 3.2 3.4 June Nov 1717 507.20s. 124.pc.in. 93/06.4 210311 024.4 11.825.4 June Occ 1716 1,841.4Rothmans 121.pp...or 620st 12.3 2.6631,7 Jan Sept 2663 TRANSPORT 1815 d2AA 1A1 Sergesmi - y AS NKS. 1410 Bergesmi - y AS NKS. **TRANSPORT** PROPERTY MOTORS AIRCRAFT TRADES MOTORS AIRCRAFT TRADES ARENA PAPER PUBLISHERS ARENA PAPER PUBLISHERS ADVANCE TO THE TRADES AND A TO | Total Color | THIRD MARKET TRUST, FINANCE, LAND TOURS, FINANCE, LAND Price Div 14"Id Last Dividends City-Net Ex's xd Paid Une

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Short pound expensive on present view

telling us something.

money market.

It is saying that the market has completely given up any idea that bank base rates will

be cut by delivery of the con-

tract in mid-Septembar. The

closing price of 66.25 was equivalent to a cash interest

rate of 13% per cent for three-month money. Three-month interbank at the time was

offered at 1313 per cent on the

Assuming no economic disasters over the next month, it is not unreasonable to sup-

pose that the London inter-bank offered rate will be 13% per cent by mid-September, but

probably not any lower.

December short sterling futures are much more active

because dealers are more will-

ing to speculate that interest rates will be cut by the end of

the year. Friday's December close of 86.90 virtually dis-counts interest rates of 13 per

cent at delivery.
Optimism on rates tends to

be more subjective than objec-

THE COMBINATION of a stronger currency and lower interest rates does not represent an ideal response to cursent an ideal response to cursent well into next year. rent concerns and a different balance would be desirable if it could be achieved. This is a quote from page 162 of the Bank of England quarterly bul-

If this comment seems out of line with present conditions, it should be pointed out that it comes not from the most recent bulletin, but from that of May 1988 when sterling was pushing up to around \$1.70 and DM3.20 and London interest rates were below 8 per cent.

There bas, of course, been something of a turnround since then, with the pound weakening and interest rates rising sharply, suggesting that the Bank of England's view of auch matters is worthy of respect. In the latest bulletin, publisbed last Thursday, the cen-tral bank remarked that interest rates "might have to stay

high longer than bed been 2 IN NEW YORK

Aug.11	Close	Previous Oose					
£ Spot	1.5820-1.5830 0.67-0.640er 1.93-1.90em 6.50-6.60pm	1.6170 · 1.6180 0.69 · 0.67pm 2.00 · 1.97pm 6.83 · 6.73pm					
Forward premiu	ins and discounts ap	ply to the US dollar					
STE	STERLING INDEX						

200 200 200 200 200 200 200

0.516 7.049

0.851

MONEY MARKETS

THERE IS little prospect of a change in world interest rates at present. The US economic

picture brightened towards the

end of last week, pushing the dollar up, but made any relax-

ation of the Federal Reserve's monetary stance less likely.

Publication of the Fed's "Tan Book" on Wednesday produced some gloomy reading, but

according to the market July US producer prices and retail

UK clearing bank base lending rate

14 per cent trom May 24

sales, announced Friday, reduced the threat of a reces

sion and took the pressure off

The first two legs of the US Treasury's quarterly refunding auctions - offering three and

ten-year notes on Tuesday and Wednesday respectively met with a disappointing reception.

hut Japanese institutions sur-prised most observers, and

the Fed to ease.

13 66

1.649 4.779

in the near future

Yen per 1.000: French Fr. per 10: Lira per 1.000: Beiglan Fr. per 100.

Long term Eurodollars' two years 8%-8½ per cent; three years 8%-8% per cent; four years 8%-8% per cent; five years 8%-8% per cent; our years 8%-8% per cent outloal. Short term rates are call for US Dollars and Japaneso Yen; others, two days' notice.

EXCHANGE CROSS RATES

3.381 46 18

10. 3.921

73 22 1000.

101.7

Rate changes unlikely

120.7 5.574 349 9 16 16

2.650 1.671

0 862 11.78

1.422

1.128 15.40

1.566

1.859

719.8 9831

2129 834.7

1187

encouraged better sentiment, with strong bidding at Thurs-day's auction of 30-year Trea-

World interest rates have been steady since the end of June, when the West German

Bundesbank raised its discount

rate, prompting a general increase among the members of the EMS exchange rate

mechanism. One or two countries outside the European

Community, but linked eco-nomically to West Germany, such as Switzerland and Aus-

tria, also adjusted rates

npwards.
If last week's figures mean

the Fed is now likely to delay a reduction in US rates, a rally by the dollar will not encour-age cuts by the other large

industrial nations. The Bank of Japan kept its domestic money market tight last week, and

according to some economists may soon raise its discount

rate, while another rise in Ger-man rates cannot be ruled out

sometime later this year.

On the following day prices of sbort sterling futures fell on Liffe. The pound's performance on the foreign exchanges was not a particular problem. It weakened against the dollar, but so did all the main trading

currencies. The weakening of sbort sterling was largely the result of comments by the Bank of England on interest rates. It is unheard of for the near dated futures contract to be overtaken in market volume with over a month to run to

delivery. By the end of last week, bowever, the December contract was trading three-times the volume of September. August is not usually a time of bectic activity in financial markets: this year is no exception, but even by the present standards turnover of cnly about 8,000 lots in September delivery on Friday must be

CUR	HEN	CY RA	TES	CL
Asg.11	Bank rate %	Special* Drawing Rights	European f Currency Unit	
terling #	91 ₂ 5.00 6.00 91 ₂ 131 ₂ 34 8 91 ₂ 201 ₂ d la term	Calculations.	1.47942 1.07840 1.26466 14.6042 43.4190 8.06199 2.074469 2.37916 7.01099 1.492.78 152.190 7.59334 129.971 7.05512 1.79048 178.997 0.777145	Sterii U.S.D. Canastr Austr Beigi Danis Swiss Guilde Frenc Lizz Yen 1982 1985

1.864

0.607 8,284

1.794 61.89 0.703 24.26

CURRENCY MOVEMENTS Aug.11

tive, and it is based on the belief that there are rumblings of discontent in the shires, the traditional area of strong Con-servative Party support. Recent reports have suggested that some Tory MPs are put-ting pressure on the Govern-ment for a ½ point cut in bank base rates before the party's conference in October. The Bank of England is obvi-

The Bank of England is obviously very keen to scotch any
such thoughts. Where does this
leave December short sterling?
The answer is, probably too
expensive. In one succinct sentence Liffe market traders GNI
told their clients on Friday:
"We remain short December
short sterling." Mr Nick Parsons, economist at Union Discount, says there has not been count, says there has not been an occasion in the past two years when it would have been profitable to trade against the view in the quarterly bulletin. He agrees that short sterling is still too high.

Colin Millham ED CHIDDENCIES

•	MOAF	WEG 12	UINE	n Conne	MACIES
٦	Bank of England	Morgan Guaranty	Ang 11	2	5
	Indes	Changes %	Argentina	1033 10 - 1041.40 2,0950 - 2,0975	650 00 - 655 0 1 3160 - 1 317
	91.4 70.9 105.4 106.5 105.8 103.2 107.1 110.0 99.4	-19.0 -8.6 +1.6 +9.7 -6.0 -1.3 +20.6 +15.3 -15.2	Brazil Finland Greece Hong Kong Iran Korea(Sth) Korea(Sth) Lucemboury Malaysia Merico	3.6110 - 3 6295 6 8300 - 6 9190 262.95 - 267.50 12 3990 - 12 4155 119.40° 1076.50 - 1085.15 0.47340 - 0 47370 64.25 - 64.35 4.2395 - 4.2595 4021.15 - 4038.35	2.2720 - 2.283 4.3280 - 4.330 164.35 - 167.0 7.8030 - 7.803 77.500 665.30 - 670.7 0.29650 - 0.297 40.50 - 40.60 2.6720 - 2.674 2530.00 - 2540
1	99.4 139.8 changes: a England Index forAng.10	-18.5 +71.6 Perage 1980- (Base Average	N. Zealand Sauch Ar Singapore S. Af (Cm) S. Af (Fiu Taiwan U.A.E	3.1060 - 3.1140 4.2915 - 4.3035 6.4560 - 6.5900 40.65 - 40.75 5.8400 - 5.8440	1 0835 - 1.686 3.7500 - 3 751 1.9525 - 1.954 2.7100 - 2.715 4.0650 - 4.149 25.60 - 25.65 3.6720 - 3.673
				*Selling rate	

Aug. 11	POUND SPOT- FORWARD AGAINST THE POUND											
Canada	Aug. 1.1		Clase	One marth								
Norway	Canada RetherLands Belgiton Denmark Tretland W Gentrarly Portugal Spain Lialy Norway France Sweden Japan Switzerland Switzerland	18605 - 18800 345\q -147 64.10 - 64.45 11.92 - 11.97 11.95 64.45 11.92 - 11.97 11.50 61.157 62.55 53.64 - 13.64 62.55 53.64 - 13.64 64.64\q	18630 - 1,5540 3,46-347 64.25-64.35 11.923-11.933- 11.923-11.933- 11.923-11.923- 255.80-26-60 192.10-192.40 12214-11.224 11.214-11.224 11.214-11.224 2244-2254 21.64-21.67	0.30-0.22cpm 2-14 cpm 33-22cpm 54-44 grepm 0.40-0.35cpm 7-20clis 3-15cdis 3-15cdis 3-15cdis 3-15-2cpm 45-4cpm 2-14-0cpm 14-14 ppm 13-11 gropm 15-14 ppm	1.67 6.49 5.46 5.83 6.63 -0.59 1.08 1.08 2.08 2.08 2.08 2.08 2.08 2.08 2.08 2	0 85-0 73on 51-53-pm 187-21-pm 187-21-pm 120-110on 51-50-m 65-134db 20-41db; 10-7pm 124-111-pm 51-45-pm 45-41-pm 45-41-pm 45-41-pm 45-41-pm 45-41-pm 45-41-pm 45-41-pm	1.7 6.2 5.2 4.3 3.9 6.5 -0.7 1.5 4.5 1.9 8.7					
	relandt Canada Netherlands . Belgium Deumark	1.5829 - 1.6185 1.3740 - 1.3915 1.1700 - 1.1755 2.1525 - 2.1880 39.85 - 40.60 7.404 - 7.52 k	1.5850 · 1.5860 1.3740 · 1.3750 1.1745 · 1.1755 2.1845 · 2.1855 40.50 · 40.60 7.524 · 7.524	0 68-0.65cpm 0.13-0 08cps 0.32-0.34clis 0.30-0.28cpm 2.50-1.00cpm 0.10-0.35oredis	5 03 0.91 -3.38 1.59 0.52 0.36	1,99-1,95pm 0.47-0.37pm 0.95-0.99drs 0.79-0.75pm 4.50-2.00pm 0.80-1.20dis	12 -33 14 03					

Switzerland, 1 6400 - 16730 | 16715 - 16725 | 0.26-0.23ccm | 1.76 | 0.70-0.67cm | ECU 10695 - 10785 | 10700 - 10710 | 0.64-0.03ccm | 0.39 | 0.19-0.16ccm | 0.30 | 0.30 | 0.19-0.16ccm | 0.30 | 0.30 | 0.30 | 0.30 | 0

FT LC	NDON INTE	RBANK F	IXING			
(11.00 a.m. Aug.11)	3 months US dollars	6 months US Deilars				
bld 8%	alter 84	bid 8.2	offer 83			

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MONEY RATES NEW YORK Treasury Bills and Bonds

10	Six month		8.05 Seven 8.17 10-ye	763 763 24	8.07
ecraight.	Gee Month	Two Months	Three Months	Six Months	Lombard
75-6.85 74-94 12-725 54-511 7-05 94-94	6.80-6.95 9.91 7.71 7.15-7.25 511-51 121-13 611-81 95-95	6.80-6.95 9-91	6.80-6.95 9.91 6.3-71 7.10-7.20 5.3-53 121-13 8.3-81 9.3-101	6.80-6.95 874-9	7.00 8.75
	75-6.85 12-7.25 12-7.25 12-7.25 12-7.25 13-511 13-12-7	9 Dec gram Two year From year Gee Mouth 75-6-85 6-80-6-95 12-7-25 7-7-7-12-7-12-7-12-7-12-7-12-7-12-7-12-	9 Dec year Two year Month Months 75-6.83 6.80-6.95 6.80-6.95 12-7.25 7.15-7.25 12-13 7.05 12-12-12 12-13 7.05	9 Two year 817 10-ye 812 30-ye 817 10-ye 9 Two year 812 30-ye 80 10 30-ye 80 1	9 Two year 817 10-year 9 Two year 812 30-year 817 10-year 812 30-year 817 10-year 817 10-year 812 30-year 817 10-year 818 30-year 818 30-y

EORDON MONET MATES											
Aug.11	Overnight.	7 days notice	One Month	Three Months	Sin Months	Qne Year					
Interbank Offer	13% 13%	137 134 134 134	137 131 138 138	131 131 131	131 ₂ 131 ₂	131, 131, 131,					
Company Deposits Finance House Deposits Treasury Bills (Buy) Bank 8 iils (Buy) Fine Trade 8 iils (Buy) Dollar CDS		1334	13 1 13 1 13 1 13 1 14 2 8.85	1314 1314 1314 14 8.68	111 1116 8B99	133 134 8,35					
SDR Linked Dep Offer SOR Linked Dep Bid ECU Linked Dep Offer ECU Linked Dep Bid	:	=	814 814	814 95 93	864 944	84 94 94					
Treasury Bills (sell); one-month 13% per cer discount 13 3268 p.c. E	rc; unree mo CGD Fixed F	itus 13% p Late Sterlin	s Export Fil	oths 13.5 persons of the state	uo day July	der rate					

ECU Linked D	ep 81a	<u>:</u> _L	Ξ '	94	9%	92	914
one-month 1. discount 13.3 Agreed rates / 8. III: 15.23 p.c. Local Aun Houses Base i per cent. Cert 912 per cent; cent; nine-two	Bills (sell); on 3 % per cent; 1268 p.c. ECG for period Aug p.c. Reference therety and Fi kate 144 % from lifecates of Taxons—three months 1 warswn for case	Ihree mont D Fixed Ra sst 26,1989 e rate for in nance House August 1 t Deposit 15 ths 11 per 1 per cent	the Sterling to Septemperiod July ses seven , 1989: Ba ieries 6); C cent; three	per cent; Tre p Export Fin puber 25, 19, y.1 to July, days' notice ank Deposil Deposit £100 Sin months	asury Bills; ance. Make 89, Scheme 31 , 1989, others sev Rates for sur ,000 and ov 11 per cent	Average ter up day July I: 14.80 p.c. Scheme IV. en days' fix ns at seven d er held under siz-nine me	ider rate of .31 , 1989. . Schemes II LV: 13.984 ed. Finance ed. Finance ays notice 4 r one month boths 11 per

DAIL!! OF	P1441	-145 11			
	Aug.]	Aug.4		Abg 11	Aug.4
Bills on offer	£1073 £500	70 £96.680	Top accepted rate of discount Average rate of discount. Average yield Amount on offer at next tends Midimum accepted bid 182 d.	13.7848° r £500m	£500m
WEEKLY C	HANG	E IN W	ORLD INTER	EST RA	TEŞ
LONDON	Abg.11	change	NEW YORK	Aug_11	change .
Days -day	14	Unctr'd	Prime rates	10 91 8.03	Unch'd +14 -0.11
3-moeth leterbank Treasury Bill Teeder Band 1 Bills	131 131 1328 134	+0.0266 Uara d	3 Mth. Treasury 801s 6 Mth. Treasury 801s 3 Mth. CD	8.03 7,89 8.68	-0.11 -0.14 +0.08
Band 3 Bills	131	Unch'd Unch'd	FRANKFURT	7.00	Uneh'd
Band 4 Silfs		Unch'd Unch'd	One muh. leterbank Three month	6.875 6.925	Unch'd Voch'd
3 Mith. Bank Bills TOKYO		Veciré	PARIS Interention Rate	8,75	Unch'd
One wouth Bills	54 5å	芫	One mth. keterbank	97	+4
BRUSSELS One roomth	81	Unch'd Heck'd	MilAN One morth	124 124	Unch'd Unch'd
MSTERDAM			DUBLIN		
One mouth	7.20 7.15	+0.03 +0.03	One mostle	91 10	Sinch'd Unch'é

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NetWest/Wood Mackenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

NATIONAL AND	FRIDAY AUGUST 11 1900							THURSDAY AUGUST 10 1988			DOLLAR MORX		
REGIONAL MARKETS Figures in perentheses show number of slocks per grouping	US Dollar Index	% change since Dec.30 '88	Pound Sterling Index	Local Currency Index	% change local cur- rency since Dec.30 "88	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1000 High	1900 Love	Vest epo jeptros	
Australia (85)	147.87	+2.3	138.28	129.48	+ 15.0	4.70	147,91	134.78	128.53	157.12 139.55	128.26	\$48.04 86.15	
	136.57	+42.3	127.71	137.10	+54.7	1.77	139.65	127.26	137.15	137.97	125.56	- 111.42	
Austria (19) Belgium (63)	133.47	-1.2	124.81	133.63	+7.4	4.14	136.74	124.60	153.70		124.67	119,49	
	152.27	+21.3	142.39	129.55	+ 19.4	3.09	153.59	139.95	. 130.40	153.50	165.36	121.64	
Canada (124) Denmark (36)	195.73	+14.9	183.03	200.33	+26.0	1.56	199.02	161.36	198.59	219.89	125.81	128.21	
		+4.6	128.02	124.38	+8.8	2,19	139.25	126.89	124.49	159.18	112.57	69.88	
Finland (26)	136.90		119.68	131.48	+20.3	2.87	130.32	118.78	130.73	133.44	79.58	74.19	
France (126)	127.97	+11.2	91.01	98.08	+20.9	2.06	99.92	91.05	98.28	100.53		105.94	
West Germany (100)	97.32	+10.8				4.94	109.23	99.53	109.45	140 33	86,41		
Hong Kong (48)	109.34	- 2.2	102.25 151.73	109,55 166,34	-2.2	2.52	166.69	151.89	166.51	166 69	125.00	130.25	
Irelend (17)	162.26	+23.1			+34.8	232	95.01	86.58	96.61	95.04	74.97	71.53	
Italy (97)	92.76	+9.0	86.74	. 98.64	+ 16.4		190.98	174.03	167.92	200.11	164.22	163.87	
Japan (455)	187.53	-2.1	175.36	168.21	+11.2	0.47	181,83	174.80	196.93	193,38	143.35	148.32	
Malaysia (36)	193.38	+34.8	180.83	199.07	+83.0	2.42 0.68	267,87	244.09	743.31	277.40	153 32	146.60	
Mexico (13)	268.10	+65.7	250.70	743.08	+83.8	4.06	129.54	118.05	126.03	130.67	110,63	102.99	
Netherland (43)	127.73	+ 13.8	119.44	127,38	+24.0		79.75	72.68	70.94	81.13	62.64	79.58	
New Zealand (20)	79.17	+ 17.1	74.03	70.64	+24.3	4.87	179.26	163,35	188.58	198.39	139.92	117.27	
Norway (24)	175.79	+26.5	164.38	188.81	+36,4	1.53	170.26	155.15	152.95	170.33	124.57	130.20	
Singapore (26)	170.33	+36.2	159.28	153.34	+36.8	1.85	154.31	140.81	139.38	154.31	1 15.35	111.50	
South Africa (60)	153.37	+31.3	143.41	137.68	+40.1	3.96	158.08	144.03	141.77	158.08	143.14	146.57	
Spain (43)	154.86	+4.4	144.87	142.43	+11.8	3.62		172,17	180.20	188.94	138.45	7 13.66	
Sweden (35)	165,02	+28.0	173.02	179.96	+37.2	1.93	188.94	85.32	94.55	94.16	87 81	77,21	
Switzerland (64)	81.73	+ 17.5	85.78	95.09	+30.7	1.99	93.63	143.46	143.46	158,41	133.26	132.27	
United Kingdom (310)	153.75	+ 13.6	143.77	143.77	+ 29.6	4.08	157.43		141.72	142.07	112.13	107.11	
USA (551)	140.38	+24.0	131 <i>.2</i> 7	140.38	+24.0	3.24	141.72	129.14					
Europe (1903)	128,73	+12.2	120,38	. 125.33	+24.7	3.27	131,65	119.96	125.01	132.62	112.63	104.38	
Mandia (121)	158.29	+20.5	157.36	160.08	+ 29.9	1.78	171.52	158.30	159.71	178.38	137.95	109.71	
Nordic (121)	183.11	-1.7	171.22	164.51	+11.1	0.70	186.29	169.76	164,21	194,72	160.44	150.98	
Pacific Basin (670)		+24	150.98	148.77	+ 15.1	1.53	164.54	149.93	148.45	166.98	341.56	. 138.34	
Euro Pacific (1673)	187.45	+23.8	131.84	139.71	+23.7	3.23	142.33	129.69	141.02	142.64	112.79	107.77	
North America (675)	140.99		105.55	118.94	+20.7	2.69	115.32	105,09	118.62	116.28	98.90	87.13	
Europe Ex. UK (693)	112.87	+11.1	121.88		+ 10.9	4.47	130,10	118.55	117,78	137.66	111.93	125.99	
Pacific Ex. Japan (215)	130.10	+4.4		118.35	+ 15.5	1.80	164.12	149.55	147.99	166,35	141.49	. 137.43	
World Ex. US (1870)	181.12	+3.2	150.67	148.24		1.95	154.81	141.07	148.07	155.66	136.98	125.07	
World Ex. UK (2111)	152.54	+8.9	142.64	145.72	+ 17.0 + 18.0	2.13	155.03	141.27	145.85	155.92	136.57	125.78	
World Ex. So. At. (2361)_	152.63	+8.2	142.73	145.58	+23.8	3.30	138.07.	125.82	134.62	138.23	114,51	107.39	
World Ex. Japan (1966)	136.20	+ 18.8	127.36	134.02	T 23.8	4.30						125.69	
The World index (2421)	152.63	+9.3	142.73	145.52	+ 18.1	2.14	155.03	141.27	145.80	155.89	130.65	143,03	

Base values: Dec 31, 1986 - 100; Finland: Dec 61, 1987 - 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94

139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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CONSTITUENT CHANGES: Insertion:Ercros(Spain)(7/8/89).Deletions:Union Explosives Rio Tinto(Spain)(7/8/89),Cons.Gold Fields(UK) and Pennwalt(US)(8/8/89),Nan Fung Textiles(Hong Kong) and NZI Corp.(New Zealand)(9/8/89),Aisthom(France)(10/8/89).

BASE LENDING RATES **EUROPEAN OPTIONS EXCHANGE** Nat. Bk. of Kewalit dale Rank ... Comma Bk. N. East . Allied Irish Bank

Reny Ansbacher

Associates Cap Corp

Anthoriey Bank

B & C Merchant Bank Co-operative Bank .. Horeich Geo, Trest PRIVATDankes Limited Provincial Bank PLC Coetts & Co Cyprus Popular Bk Dunhar Bank PLC Duncan Lawrie Back of Barrota.
Bancu Bilhoo Vizcajo
Bancu Bilhoo Vizcajo
Bancu Bilhoo Vizcajo
Bancu Hapealinn
Bank of Cypres
Bank of Cypres
Bank of Cypres
Bank of Letterd
Bank of Letterd
Bank of Scotland
Bancu of Scotland
Bancus Belge Ltd
Barcays Bank
Berechmark Bank of Letterd 780 4.50 0.72 4.15 0.72 4.17 0.40 0.40 8.50 8.50 8.50 1.50 3.50 138075730 51 53 Globak United Microbi Book ... Unity Trast Book Pic... Western Trast ... Western Ernst Corp... Whitenaway Laidling ... Brit Bk of Mid East. W Members of British Merchan W Members of British Merchant Banking & Securities Houses Association. *Deposit now 5.9%. Samulie B.5%. Top Tear-(10,000 + Instant acces 12.8% & Mortgage base rate. \$ Demand deposit 9%. Mortgage 13.25% - 15%. McDannell Douglas Bot Megbraj Bank Ltd 7.20 7.20 7.20 14 14.70 193 111 6 3 204 97 185 27 18 25 182 20 1 1 8 4 3 5 7 5 20 1 1 5 2 4 1 1 2 1 2.20 13.50 13.50 5.80 5.50 3.20 5.10 2.10 11.830 13.50 199 342 81 260 75 129 305 146 574 128 78 112 97 1160 8.60 3.90 4.90 4.30 5.40 2.60 3.10 6.50 6.80 12.20 285 207 926 239 304 146 205 304 442 1270 442 1270 743 138 83 138 149 5.10 139 7.60 4.100 4.100 4.20 5.20 5.20 5.20 5.20 5.20 5.20 5.20 71468263

5.10 3.20 3.10 5.10 7.50 5.30

e2.80 1.9 4.1 17.2 95. e5.2 1.9 6.1 11.0 15.06 2.0 4.4 9.0 11.13 4.7 1.6 17.3 11.8 3.0 3.5 12.4

RQ49.5

K3,75

M.5 Q2.5c

28 25 155

2.7 5.5 9.2

135 25 33 113

RS.0 16 5.7 13.2

Price + or

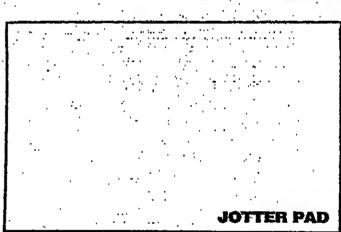
TOTAL VOLUME IN CONTRACTS: 52,806

LONDON RECENT ISSUES

#Alpha Estales Sp. SAmbassador Sec. Grp. Sp. #Bonssore Intl. 12p. #Pozsburg Group 10p. #Diamond Group Hulps Sp. #Forwell Group 10p. Hanson Warrants St. Cruset FFO. 35. Leveraged Opportunity Tist.

FIXED INTEREST STOCKS

A=Ask 8=8id . C=Czti

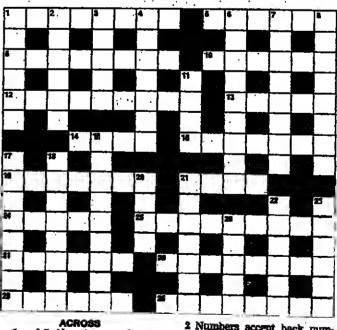


andre G'rantee.

vad Trust Bank ..

CROSSWORD

No.7,011 Set by TANTALUS



ACROSS

1 and 5 Almost every class in the assembly reads Jonson's work (8,6)

9 Study and make fresh start — what a difference! (8)

10 Place of worship for former architishop (6)

12 Student ordering the cigar gets sleepy (9)

gets sleepy (9) 13 Sailor with set of books

sents cards (5) 14 In Ottawa, discover a rivervalley (4) 16 Could Peter go to meet pupil? (7)
19 Thanks to apprentice I get

19 Thanks to apprentice I get cannabis from paim tree (7) 21 Outhouse part (4) 24 Victor heading off being near a bull! (5) 25 Be on one's feet by tube — it's attached to a tank (9) 27 Ruined a green to annoy (6) 28 Harangue from little girl having a race (8)

having a race (8) 29 Belief that article is by

Frenchman (6) 30 Carriage for female going to the north with engineer (8) DOWN 1 Boy's having minced meet 2 Numbers accept back num-ber compositions (6) 3 Channel Island has a stone

bust (5) 4 A vessel with silver and first-class weapon (?)
6 Conductor to choose right poem (9) 7 Former railway worker who

sells goods (8)

8 At sea, respect many bearing an emblem (8)

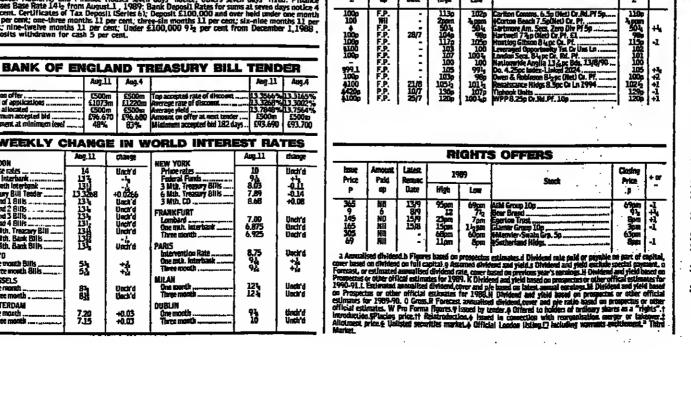
11 Swimmer acquires second

trophy (4)
15 Course tips? (9)
17 Way to travel, not disheart-

17 Way to travel, not disheartened by grating (8)
18 Lounging, devotee entertains many by lake (6)
20 River analysis (4)
21 I go into Naples playing with dog (7)
22 View unopened wing (6)
23 In the home counties it is always hard (6)
26 Discourage animals surrounding junction (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday August 28,

a announcement appears as a matter of record only. Isle of Man Enterprises Limited (Incorporated and registered in the Isle of Mac under the Companies Act 1931 Registration No. 935) Application has been made to The Stock Exchange for the admission to the Official List of: 11.508,000 Ordinary Shares of \$p\$ each together with a placing of 2.400,000 of those Ordinary Shares at 250p each. Details are contained to the new issue cards circulated by the Extel Statistical Services. Copies of the listing particulars will be available to the public for the next 18 days, Saturdays and public holidays excepted at: Isle of Man Enterprises Limited J.S. Gadd & Co. Limited Centre House Little Switzerland Douglas London, WCIA 2RA and for the next two days at: 46-50 Finsbury Square Londoo, EC2A 1D8 Neilson Milnes Limited J.S. Gadd & Co. Limited Martins Building 4 Water Street Liverpool, L2 3UF distributed by: Ramsey Crookail & Co., 25 Athol Street, Douglas, Isle of Man 14th Augus1 1989



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Design Control (a)

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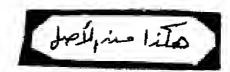
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The Property

7 ES

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ij.



WORLD STOCK MARKETS Austriki | 1987 | 1988 | 128 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | SWEDEN 1989 High Law CANADA Pric August 11 1989 High Low August 21 Price Lire America 11 August 11 AGA 8 (Free) AGE 1 AGA 8 (Free) ASE 3 A Free ASE 8 (Free) Excelses 0 (Free) Gambro B Free Bobbe 8 (Free) Sanb-Scalab 0 Free Sanb-Scalab 0 Free Standis Intl SECTION 2,800 1,129 160 1,129 160 1,129 160 1,129 2,256 3,260 4,080 19,050 16,450 1,490 245 180 1,015 173 | 2.285 Arjomari-Prioux | 2.800 | 323 Artilizar of Ent. | 1.085 | Artilizar of Ent. | 1.085 | 714 | 316 | 714 | 316 | 715 | 714 | 316 | 715 | 714 | 316 | 715 | 715 | 716 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 316 | 31 222 4440 462 471 1.100 222.24 440 462 121 444 482 121 462 121 10,650 8,500 Saffa A 3,438 2,500 Saloen 3,438 2,500 Saloen 5,870 4,850 S4818 42,100 12,600 Slessigeso 10,789 8,910 Stri Spa 1,660 1,090 SMI 3,292 2,444 Snis BPO 25,890 19,501 Tore Assicer 30,100 19,550 You Franco 28,560 21,800 0 micest 208 450 380 380 215 161 287 286 205 175 1280 168 221 231 245 255 73.7; 319 147 272 265 | 10 390 | 290 | 2290 | 725 | 588 | 672 | 42,100 | 670 | 10,730 | 310 | 10,730 | 310 | 225,450 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 450 | 245,560 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 255,60 | 25 16000 Scotts ! \$19\1, 19 \$25 \\ \$2 reams Lie mirris 2153 Laisurge p 13463 Laisurge p 13463 Laisurge p 13463 Laisurge p 13463 Laisurge p 13690 Laur Gr 8 35900 Laur Gr 8 35900 Laur Gr 8 35900 Laur Gr 8 36910 Lorvest 100 MDS A 100 MDS A 100 MDS A 100 MDS B 15224 Man Kenzis 8449 Melan H X 200 Mich HY I 13575 Marchian 13680 Martime I 2356 Mark Rea 1000 Mempolac 1200 Missi Corp 21107 Moleon A 1 742 Moleon B 5227 Moleon B 5230 Novero 1470 Noranda F 523155 Noranda 1200 Robert AI 1202 Novero 1470 Noranda F 523155 Noranda 1202 Novero 1470 Noranda F 52310 Novero 3731 Nove 3-900 Computing 3-900 Computin TORONTO Closing prices August 11 ### Universe married \$ ### 489 485 ### 489 Chartasticos in centa 1822 AMCA Int. 18518 AMIGA INT. 18518 BCE Inc. 171600 BCE Mobil 14000 BCE MO Price Frs. 6,090 3,500 14,505 14,505 14,505 14,505 14,605 6,290 6,100 6,100 4,510 4,510 772 4,510 4,510 6,250 6,500 6,760 8,960 6,500 6,760 8,960 14,200 SWITZERLAND Price Fis. August 11 9,000 97,000 3 | Section | Sect 2.715 Sisktrowatt 1,790 Styla 1,290 Fischer (Geo.) 1,290 Fischer (Geo.) 1,295 Forbo 4,960 Hotelerbask (Be) 4,960 Hotelerbask (Be) 1,837 Inspectorate Int. 251, De. Ptg. 2,800 Jelmoni 225 De. Ptg. 2,300 Jelmoni 225 De. Ptg. Certs 1,100 Landik and Gyr 2,96 De Priority Ptg 960 Mag. Globus Ptg 1,930 Milron (Br) 1,240 Motor-Colombits 6,842 Nessle 1,530 Parquent Hidg 256 Prelil 1,550 Prelil 1,660 Ge-Sistric 6,100 Roche Hidgs (Br) 3,260 De (Gennad 1,530 Parquent Hidg 256 Prelil 1,550 De. (Ptg. 4,700 Sarvellance 4,850 Schiedlar (Br) 755 De. (Ptg. 4,700 Sarvellance 9,55 Swissair 284 Swiss Bank 260 De. Ptg. 1,900 De. Ptg. MONTREAL Closing prices August 11 | NORWAY | 1989 | 1989 | 1985 | 1875 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 Law August 11 48. Alter Esoit 117.5 Bergen Esoit 207.5 Bergen Esoit 91.5 Des Honite Crefit 91.1 Des Honite Crefit 171. Elbern 172. Elbern 175. Kosnob 176. Honit Myco A 125. Kosnob 176. Honit Myco A 125. Kosnob 176. Honit Myco A 47740 BombrdrA 117570 BombrdrB 2600 CB Pak 23610 Cancades 63210 DomrtsA 83210 BomrtsA 13805 Noverco 13805 Noverco 13805 Power Corp 1721B Provipo 200 SteinbrgA 9481 Videotron Total Seles 8,229,638 15% 16% - 4 15% 15½ - 4 15% 15½ - 4 17% 17% - 4 17% 17% - 4 17% 17% - 4 15% 15% - 4 15% 15% - 4 16% 15% - 4 16% 15% - 4 16% 15% - 4 Price Kronts 99.50 191.00 118.50 136.00 94.00 282.00 152.00 267.50 34.00 150.00 87.00 5154 5154 5194 5071 5175 6104 5124 5104 5502 6194 Low Assport 11 1,000 Carisbers 1,000 Carisbers 281.6 Cop Nadelstiank 750 Capitsch 336.4 Den Nadelstiank 2,646 FLS Indix 2,646 FLS Indix 452 D R Great Mordic 370.9 LS.S. B Systems 370 Syde Bank 2,657 Noon Nordisk 249 Privathansken 350 Royal C Naghel A 350 Royal C Naghel A 540 Superios 4,541 Superios 1989 b Low Frice Kr 503 1,370 204 905.4 964.2 3,20.2 3,119 7,38.1 834 439.8 598.4 350.6 300.4 445 1,462.5 6297.7 INDICES OUTH AFRICA 1989 | High Law | 1989 | High Law | 1954 | 697, 1,000 | 958, 1,735 | 1,930 | 980, 1,770 | 1,24 | 2,005 | 1,770 | 1,24 | 3,386 | 2,88 | 380 | 585 | 465 | 265 | 459 | 255 | 459 | 255 | 459 | 255 | 455 | 2,129 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 | 1,229 Price Pts. % 949 Price Low Acquet 11 Pice 607 5 Bance Bilhan Viz. 856 1 950 Bance Central ... 1,05 400 Bance Central ... 1,05 735 Bance Hispano ... 837 1,599 Bance Popular ... 1,845 800 Bance Sastander ... 859 1 1,200 Citroen Hispanola ... 1,890 1 1,200 Citroen Hispanola ... 1,900 1 1,200 Corp. Maprire ... 1,960 440 Decayades ... 641.5 2,850 Electra Viespo ... 286 4625 Esergiz lad Act ... 544 2255 Erros ... 402 710 Exp Carbanol Mt ... 92 3380 Fast Resault ... 481 160 Mildroel Centab. ... 164 160 Mildroel Centab. ... 164 160 Mildroel Centab. ... 164 176.5 Hildroid ... 92 108 Heral Daro Feig ... 364 451 Petrofen Citr Bu ... 502 13,295 Portland Valid. ... 4850 414.5 Repool ... 503 1565 Sevillana Eloc. ... 193 176.5 Talescalica ... 291 176.5 Talescalica August 11 August 11 **NEW YORK** Aug. **DOW JONES** Price 10 11 9 Aug 10 Ang 9 High 2722.42 (25/8/87) 5,340 9,890 408 15,860 6,205 1,362 3,740 4,991 6,100 2,796 9,500 7,511 17,525 7,525 7,525 11,410 25,480 15,480 15,480 15,480 132,490 3,290 62,000 25,480 3,290 62,000 25,480 3,290 62,000 3,880 6,463 3,3480 3,480 В High Low 1695.0 1681.3 791.6 782.0 1695.3 788.8 1699.0 789.6 1412.9 (7/4) 652.6 (7/4) 2712.63 (10/80 94.15 (2/80 1419.63 (10/80 221.64 (8/80 2144.64 (3/1) 87.35 (23/3) 959.95 (3/1) 181.84 (24/2) 62.75 251 28 42 6.65 41.8 9.2 32.75 16.75 2683.99[2712.63] 2686.08 2699.17 93.39 93.34 93,62 AUSTRIA Credit, Aktien (30/12/84) 391.26 390.83 390.73 219.5 (2/1) FINLAND 1413.23 1439.63 1406.29 1355.80 1419.63 0.0/8/89) 227.83 022/1/87) BELGIUM Brussels SE (1/1/80) 217.56 220.20 220.32 221.64 Asput 11 6325,43 (11/8) 5519.30 14/1) Day's High 2747,53 (2732.93) Low geskagen SE C3/1/830 334.38 332.39 338,74 345.66 356.65 (12/7) 275.49 (27/2) FINLANO Unitas General (1975) 349.41 (7/8/89) 399.66 (8/8/89) 33.59 (7/8/89) 349,41, (7/8) 399,68 68/8) 33,59 (7/8) 275.31 (3/1) 318.66 (3/11) 24.30 (3/11) 4.40 (16/32) 3.62 (21/6/32) (21/6/32) (1/10/74) 768.6 765,3 815.8 (18/4) 766.4 771.9 723.3 (4/1) 394,38 398,56 396,86 399,68 33.22 33.40 417.9 (4/1) 97.5 (27/2) 507.2 122.2 508.3 121.5 506.5 121.9 502.5 121.3 33.21 508.3 (10/8) 122.4 (28/7) 33.41 194.23 68/80 382.24 (10/80 463.55 (10/80 194.23 (B/B/89) 382.24 (10/B/89) 463.55 (10/B/89) 154.98 (3/1) 305.24 (3/1) 378.56 (3/1) 4.46 (25/4/42) 29.31 (9/12/72) 54.87 (31/10/72) GERMANY FAZ Akcien (31/12/98) ... Commerzbank (1/12/53) ... DAX (30/12/87) 659.66 1975.9 1608.71 664.22 (10/8) 1990.1 (10/8) 1609.93 (10/8) GERMANY 1989 High Law 381_15 380.96 219,5 590 942 2181,5 452 895 775 303,4 462,41 463,30 265 Hight Law Asignest 13, 226.5 194 AEC. 200 489 AG led & Verbehr 205 625 Ascherr Heger's 2,212 1,673 Allianz AG 452 373 Altean 2775 586 Do. Prf. 315° 279 SASF 200 176 Bademerk HONG KONG Hang Seng Bank (31/7/64). 3309.64 (15/5) 2093.61 (5/6) 2613.39 2608.68 2627.31 2607.9 July 21. Aug 4 ITALY Banca Com. Hal. (1972) . 702.77 702.53 703.94 577,49 (28/2) August 11 Ang 9 2.86 14.49 Aug 2 3.28 14.43 year ago (approx.) 3.12 14.10 RETHERLANDS CBS Til. Ria. Gen, Gend 19830 264.9 262.1 206.0 204.0 MEW YORK Aug 11 Aug 10 264.5 263.9 264.9 (11/8) 208.3 G/11 2,003 573 948 482 150 9 1,989 829 648 512 123 1,996 624 878 494 177 Rises Paded Rises Palls Asy 10 Nog 9 1989 Lew 243 1.6 1.25 0.76 6.76 5.8 1.25 0.76 NORWAY Oslo SE (2/1/83) . Price | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1970 | 1 Appet 11 197,550 15,844 139,264 198,660 17,461 134,432 211,306 18,818 155,690 638.28 632.70 625.83 668.90 (14/7) 467.17 (2/1) 1.67 1.67 1.67 1.67 1.67 1.63 | 1,000 | 2,500 Allisonicto | 1,000 | 7,000 Alechono Brake | 1,000 | 7,000 Alechono Brake | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1, 2.90d 2.10d 1379.86 (10/8) 1377.40 1379.66 1361.76 1030.69 (4/1) CANADA TURONTO Aog 10 Aog 11 Ang 9 SPAIN Madrid SE (30/12/85) 3715.B 4019.7 3717.9 4003.7 3749.6 4013.9 3207,5 (3/1) 3350,5 (6/1) 315 90 (13/6) 268.61 (1/3) SWEDEN Jacobson & P. (31/12/56) 2033.87 2035.23 (10/8) 2028.R1 1677.48 (3/1) 4576.1 4512.0 4485.0 4576.1 (10/8) 3333.9 G/L) SWITZERLAND Swiss Bauk Ind. (31/12/58) NEW YORK ACTIVE STOCKS 819.3 0.418 821.7 613.1 G/D Closting price 17 39% 1113 284 364 Charge on day Ges Electric 5 Cou Ed NY 4 4 Eastman Kodak 11 bin m Stocks traded 3,017,000 2,900,200 2,227,100 2,168,500 Stocks traded 2,104,700 2,048,400 1,875,700 1,791,300 1,775,000 Closing price 57% 264 50 115½ 160 WORLD M.S. Capital led. CL/1/701.. 548.7 547.6 547.4 551.2 (3/8) 487.6 CL3/61 Base values of all indices are 100 except NYSE All Common - 50. Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto Indices based 1975 and Montreal Particlio 4/1/83. 1 Excluding bonds. 2 Industria, place Utilities, Financial and Transportation. LO Closed, Lob Unavailable. Base values of all indices are 100 except Brussels SE and DAX = 1,000 JSE Gold = 255.7 JSE industrials = 264.3 and Australia. All Ordinary and Mining = 500; (c) Closed, (u) Unavailable, TOKYO - Most Active Stocks Travelling by air on business? Friday August 11 1989 Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from . Stocks Traded 11.5m 11.5m 11.0m 10.9m 10.9m Closing Prices 8,840 1,160 1,210 1,680 1,870 Stocks Tracted 30.5m 20.3m 16.8m 12.9m 11.8m 2iceing Prices 1,700 4,730 1,390 4,440 823 en day + 30 + 140 + 250 + 250 3.05 14.50 8.45 12.10 13.10 13.10 13.10 13.10 13.10 13.10 13.10 13.10 13.10 13.10 13.10 14.80 14.80 14.80 14.80 11.30 11 Sony ... Melco MH! ,... Fujitsu Canon with Lufthansa, TWA, Sabena, Pan-Am, British Airways Finnair FINANCIAL TIMES 2,510 1,490 1,130 Waconi 1,420 1,490 1,130 Wacosi 1,970 1,630 Yanseka Corp..... 1,540 1,230 Yanseka Corp..... 1,540 1,230 Yanseka Corp..... 2,120 1,710 Yansalchi Sec 4,220 3,290 Yansenocchi 3,570 1,650 Yarsetake ii yweli 2,150 1,500 Yarsetake ii yweli 2,150 1,500 Yanseta Koppo ... 1,900 1,500 Yanseta Koppo ... 1,900 1,500 Yanseta Koppo ... 1,900 1,500 Yanseta Batte 1,510 788 Yasakana Elect ... 2,100 1,370 Yokogawa Elect ... 2,100 1,370 Yokogawa Elect ... 1,500 900 Yokokaran Batte ... 1,370 940 Yokokaran Batte ... 1,470 1,237 Yoghitooli Pisaran ... 1,610 760 Yansa Battevy ... **AMEX COMPOSITE** 4pm prices August 11 1,850 1,520 1,860 3,850 3,130 2,030 1,870 1,870 1,470 1,860 1,260 2,320 1,410 | Present | Pres Snock Div. ATSE ATT Fit2_2re Action Program Alconiv Al Stock Division Stock Division Stock Division 1.26 Crost 1.27 Crost 1.26 Crost 1.26 Crost 1.26 Crost 1.27 Crost 1.26 Crost 1.27 Crost 1.26 Crost 1.27 Crost Shock Discher Stock Ingoli of 1.80 longsty .40c history .12c instant .12c instant .12c instant .40c history .40c Laserge . 320 250 250 250 250 250 AUSTRALIA 2.90e .07 .12 1 % - 50 2 % + 16 2 % + 16 3 % + 16 3 % + 16 3 % - 16 3 % - 16 10 % - 16 20 - 16 21 % - 16 0 % + 50 .50 .70 1.08 .20 B HO 2.65e BA7 J6a BSN Banst 0 Banst 0 BaryF6 Banst 0 BeryF6 Banst 0 Bright 1 Birdh 1 SINGAPORE 1989 High List 1-58 1-26 1-58 1-27 10.5 6.8 1-3.52 2-5 10.5 6.9 1-5.45 2-5 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 10.6 7 10.6 0 128 Bosssad Hidgs. 1.1 Cropps Pacific 2.7 Cold Storage 2.1 Cropps Pacific 2.7 Cold Storage 2.1 Hosp Group 2.1 Hosp G Price \$5 | 1.55 | 5.30 | 3.72 | 11.10 | 6.35 | 5.45 | 7.35 | 1.08 | 10.20 | 4.56 | 1.48 | 3.58 | 1.48 | 3.58 | 1.48 | 3.58 | 4.02 | 3.59 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.95 | 5.9 41g + 1g 3 + 1g 31g + 1g 291g 01g - 1g 36 - 12 2 14 - 14 6 14 - 14 9 14 - 2 14 2 15 14 - 14 15 14 - 14 16 + 14 10 + 12 10 .44 .07e MOTES - Prices on this made are as quoted on the individual exchange; and are last traded prices, to principles, if Dealings assended. 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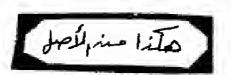
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Strategy is ability to admit you are wrong

t is not enough for compa-nies to devise plans and strategies. They also have

to implement them.
And what is implementation? Mr Henry Mintzberg,
professor of management at
McGill University in Montreal, says that "implementation means dropping a solution into the laps of people informed enough to know it won't work but restricted from telling anyone in power what can." Yet senior managers continne to formulate strategies and order them from consultants. Strategy, after all, has been central to the success of Japanese industry.

Japanese industry.

A Boston Consulting Group report on bow Japan replaced Britain as a supplier of motor cycles to the US described Honda's strategy of focusing initially on the sale of small hikes to middle-class coasum-

ers.
"Very clever, those Japanese," Mintzberg observes in a new collection of his writings and speeches.* In fact, Honda had no strategy at all. except to see if it could sell motor

cycles in the US. cycles in the US.

The company hegan its effort in the US just as the motor cycle season was ending. Eventually they sold a few larger bikes, which promptly broke down. Faced with a collapse of sales, Honda tried selling the small hikes which were such a success in Janan. were such a success in Japan. Americans loved them. So much for the carefully devised strategy which destroyed the British motor cycle industry.

Prepared to listen

Richard Pascale, an expert on Japanese management and the man who found out the truth about Honda in the US, says that the company's "success was achieved by senior managers humble enough not to take their initial strategic positions too seriously."

they had been wrong. Hands np any British employees who can remember the last time their senior managers admit-

ted they were wrong. Honda's executives were also prepared to listen to the employees who were closest to the US market. British managers would argue that they, too, have done a lot to improve their communications with tbeir employees. Team hriefings, company newspapers and videos to explain new develop-ments (and corporate strategy) are now commonplace. All these communications devices have one thing in common: they cnable managers to talk to cmployees. They do not allow cmployees to talk to

Yet it is the employees who bove to put management's plans into practice. It is the employees who know most about the production process and the preferences of the cus-tomers. They run the company's equipment and sell and service its products.

There are UK companies which make strenuous efforts to use their employees' intelli-gence and experience. The vast majority of British executives, however, are as keen on listenhowever, are as keen on listening to their employees as they
are on surrendering the keys
to the company Jaguar. The
idea that their subordinates
might know more about
aspects of the business than
they do is, to many managers,
simply laughable.
Even companies wblcb in
theory welcome market intelli-

theory welcome market intelligence from employees often put obstacles in the way of those who try to provide it.

On a recent trip to Cam-bridge, one UK employee noticed that his company's competitors bad achieved great success with their prod-ucts. He asked a few questions, described his company's product and was assured that it would sell equally well. Arriving back in the office filled with enthusiasm, he made a direct phone call to the director responsible. The director's secretary demanded to know wbat be wanted. He explained. She went off to speak to her boss. "He says to put it in a memo," she said on her return.

As Mintzberg argues, we build our organisations so that they cannot learn. The formu-lators lack the information, the implementers lack the power," he says.

Michael Skapinker

*Mintzberg on Management. The Free Press. £19.95

THE MONDAY INTERVIEW

Artisan with a taste for myth

Philippe Starck, the enfant terrible of French design, talks to Alice Rawsthorn

Starck had made his name as one of the leading lights of avent gards French design.

In 1982 he was asked by President Mitterrand to renovate three rooms in his apartment at the Elysée Palace. The French press caught the scent of a scandal and flung itself into the fray.

hilippe Starck has the telltale stubbly chin and slurred speech of

and slurred speech of someone who has not slept too well. The day before he had flown to New York in the morning and back to Paris at night. Now he is slumped in a corner of one of Paris's most stylish cafes and struggling to

stay awake.

The café is Café Costes.

Everything in it, from the three-legged chairs to the waterfall washhasins, was

designed by Starck. He is one of the world's most successful industrial designers, whose

work ancompasses computers for Commodore and luggage

for Louis Vuitton. Starck is a beneficiary of the culture of consplcuous con-

sumption that has character-ised the world's consumer mar-kets in the 1980s. He is one of

that élite group of designers who, by lending their names to a product, can instantly increase its value.

At 40, he still sports tha motorcyle leathers and cork-screw curls that earned him

the epithet of the enfant terri-ble of French design. Yet his client list reads like a roll call of the world's most powerful

consumer goods groups from L'Oréal in France, to Nestlé in Switzerland.

Everything about Starck, the unshaven chin and the unkempt curls, seems contrived to cultivate the image of

a wayward artisan. He tells tall

"I am not an architect. I am not a designer," he says. "I am en adventurer. I am somebody

ation was the only way to live and work," he says. After school he attended design college, but left, at the age of 18, without completing the course. In the 1970s he hung out on the fringes of the Paris design world. For a while he worked with Pierre Cardin the fachion

into the fray.
"I was the had boy of archi-"I was the had boy of architecture," recalls Starck. "I was the nightclub designer who hung around with Hail's Angels in a motorcycle gang. Nobody could believe that the president of France had become involved with a man like me. It was very, very scan-

Since then, Starck's career has never looked back. A year after the furore over the Elysée

PERSONAL FILE

1949 Born, Paris 1967 Left design school without graduating.

1982 Designed apartment for President Mittarrand at the Elyaea Palaca

a wayward artisan. He tells tall tales of his adventures and propounds his philosophy. Like the protagonist of Playboy of the Western World, the play hy John Millington Synge, he seems to live his life through the myths he has invented for himself. 1983 Opening of Café Costes with very strong opinions, who expresses them through architecture and design."

Starck was born in Paris, the son of an aircraft designer. "I grew up with the idea that creation was the only may to live 1988 Opening of Royalton Hotal in New York.

came the opening of Café Costes. It was an instant suc-cess. Starck was besieged with

offers of new projects.

When Steve Rnbell, the New
York nightclub owner, saw an
article on Café Costes he commissioned Starck to redesign the Royalton, a dilapidated hotel he had hought in Manhattan. The renovation of the Royalton cost \$14m. Since its reopening last autumn the interior has been splashed across glossy magazines all

world. For a while he worked with Pierre Cardin, the fashion designer. "Most of the time I stayed in my apartment doing nothing," he says. "I led the life of a hippy de luxe."

His only important projects were to design two of Paris' most fashionable — and infamous — nightshubs." The clubs Before Rubell's death last month, Starck was designing another hotel for him. He is mous - nightclubs. The clubs working on two televisions by the end of the decade, one for a Japanese manufac-

turer, the other for a European - and a boat for Beneteau in France. He is also planning a second Café Costes in Paris and a new town outside Tokyo. His designs tend to be deceptively simple. "I do not like superfluity. It is not in my nature. My designs are like my name — Starck," he says. But averything he does — the three-legged chairs are typical—has a twist of wit.

Ostensibly the design of the Royalton, with its opulent colours and shiny surfaces,

Royalton, with its opulent col-ours and shiny surfaces, evokes the luxury of life aboard the ocean liners of the 1930s. But Starck also sees the hotel as a metaphor for Man-hattan and its history as an island of immigrants. The walls are lined with wood, an emblem of the ships that brought the immigrants to the island. The carpets are bordered by snakes, a symbol of the ethnic communities which

fill the city.
In the design world of the 1980s, which has become as disillusioned with the slapstick symbolism of post-modernism as by the monotony of the old modernist style, Starck's style is nothing if not refreshing.

He is one of the very few successful designers who is still lionised in his own industry. Year after year he is mobbed at the Milan Furniture Fair, the annual showcase for European design. He says he hates it. But he still visits the

His work almost always attracts controversy. "I receive many, many letters," he says. "Some say my work is good. Others say 'Starck, you are full of hullshit.' I would rather people hard my more than that

ple hated my work than that they did not react to it."

For the past five years he has worked from his home, a Louis XIV house outside Paris. "I live and work in the forest," he says. "I work, work, work all the time in my head. That

is why I need to be quiet in the forest, with my tribe. I hate to

be in the city."

The "tribe" is the team of six designers — "all friends" — who work with Starck on his projects. There are two more in Tokyo and one in New York. Brigitte, his wife, woos

Brigitte, his wife, who is a law-yer, runs the business.

Starck is hopelessly disor-ganised. At the beginning of each day Brigitte gives him a long list of things to do. He roars around Paris on his Har-ley Davidson Sportster motor cycle clutching the list so that be knows who he has to see.

He has no interest in finance. He rolls his eyes in horror when asked about mun-dane matters like income or dane matters like income or profitability. Ten years ago he nearly went bankrupt when he tried to produce his own line of furniture. Now he works as a freelance.

Starck flies from country to country inspecting his different projects. One day will be spent at en Italian furniture factory. The next day he will be back in Paris, putting the finishing touches to the house he is designing for a private

Wherever he is, he works on ideas for new projects. Once, he says, he designed a chair in the time that it took for the seathelt signs to go on and off in a airplane. "My work is a sickness," he says. "But I can not be without it."

A few years ago he tried to reorganise his lifestyle hy buy-ing houses in different cities. But that did not work out. Instead he has installed motor bikes - almost all Harley Davidsons — in the five cities where he spends most of his time. "I arrive with my helmet and my key," he says. "I pick np my bike and then I can live like I live in Paris."

Starck's attitude to his work is riddled with contradictions.



'Everybody should have access to good products'

He esponses the aasthetic ideals of the Bauhaus; insisting that good design should be available to everyone, not just to an élite. "I cannot imagine working only for the rich," he says, "Everybody should have access to good products. The way to work is to get the best and give it to everyone. I call it

and give it to everyone. I call it democratic high fashion. He cites the budget range of furniture that he designs for the Trois Suisses mail order catalogue in France as one of his favourite projects. Yet most of the things he designs are so expensive that only the very wealthy can afford them.

Starck still wears the same gruhhy T-shirts and scuffed jeans he favoured as a young designer. But his lifestyle is lavish. He is hullding a brand new home, with a helipad, on a plot of land next to his Louis XIV house. Recently he bought an oyster farm — "my new game" — on the French coast. One of the reasons why he works as a freelance is that he

hates the idea of employing — and possibly exploiting — other people. Yet he works with many of the world's most powerful multinationals. He is unabashed by the con-tradictions. "I struggle and struggle but I have to accept: society for what it is," he says.
"My work is for everyone: not

designs for the President, in my range for the mail order catalogue." In the future Starck intends

to be stricter with his time. "We need to make less," he says. "At the moment we are says. "At the moment we are busy, too busy. There are always many, many people asking for things," He plans to concentrate on product design and architecture, while reducing his involvement in areas like interior design.

- 24 saice

"Interiors have become bor-ing," he says. "At one time all I wanted was to design an intelligent tollet. Now there are "My work is for everyone not intelligent tollets everywhere only for the poor, or for the. It is time for me to move on."

Polish power slipping Honda's senior management tere prepared to accept that hey had been wrong. Hands in any British employees who

Eastern Europe

Notebook

the security services. The lead-

ing deputies are very often intellectuals, with a civilised

intelligence and great moral courage, but little apparent

Mr Walesa's invitation last week to the PUWP's coalition partners - the United Peasant Party and the Democrats - to switch sides to a Solidarity-led

government, was not talked tbrough with the parliamen-

Mr Roman Malinowski, the

Peasant Party president, likes to talk of his party's 90-year-old

traditions, and its role in stop-

ping Communist collectivising.

He insisted that his party had

always been non-Marxist, for democracy and for the market. On his bookshelves, the works

of Lenin - just like any senior

PUWP functionary. Behind him, forty years in which his party had been first broken, its

non-collaborationist elements

scattered or repressed and it given a token position.

Beneath him, his deputies

rebel; having been cajoled into supporting Gen Kiszczak as Prime Minister, they have changed their minds in the

face of the Walesa offer and

instinct for power.

r Martin Swiecicki has just heen nomic Secretary of the Central Committee of the Polisb United Workers' Party. It is one of the ruling party's top positions. At the age of 42 - young in any political sys-tem, adolescent in a communist one - he has the world at

his feet. Or bad. Now, all Dr Swie-cicki can see is a chain of impasses from which the Polish economy cannot escape, or can only attempt to escape at the price of social explosion. The ill-prepared liberalisation of prices on the first of this month may have already generated a swelling tide of resentment which has yet to break. The Western aid package, intended to belp cushion the shock of more market-based prices, has been meagre, not permitting the rebuilding of hard-currency reserves needed either for capital investment or to support present levels of consumption.

But, worse (from the party's

point of view) than the crises which confront Dr Swiecicki is the fact that they do not confront him. Which is to say that the job of a central committee secretary, with responsibility for the economy, is not what it was and may never be again. In these circumstances, Gen Czeslaw Kiszczak continues to struggle unavailingly to form a government. Mr Mieczyslaw Rakowski, the former Prime Minister and now PUWP first secretary, bas the worst job in the Socialist bloc: seeking to steel a party which has lost its purpose and found no legiti-macy. Solidarity holds the political cards, but has no better solutions than anyone else. In all the most likely versions of Poland's future, the Communists will lose power because it is so obvious that they have so little support. But Dr Swiecicki will no longer be — as his post

once allowed its holder to be economic overlord of Poland. The pessimism with which he approaches his new post is not confined to him or the PUWP. Power in Poland now appears to be slipping through a dozen pairs of hands, with none possessing the competence or will to grasp end hold

In his speeches, Mr Lech Walesa continues to flail the Communists, to support strikes for higher wages which simply chase prices on an ever-quickening elevator. Solidarity depu-ties in the Sejm (Parliament), seek to settle old scores with

have now declared an end to collaboration with the Communists. Mr Malinowski, soon to retire, is probably unable to rid himself of habits of deference, hut his younger colleagues have yet to show themselves able to learn the habits of com-

able to learn the habits of com-petitive politics.

Mr Jerzy Juzwiak, the Demo-crats' President, does not have a divided party and does have a livelier sense of the potential of his new position. The Demo-crats have provided a hope for the non-Communict intelligen the non-Communist intelligen-tsia and sought to express the right of the small producer. They have produced legislative blueprints for economic liberalisation, which have been taken up by the PUWP. They are presently preparing a draft constitution which will, among other innovations, excise the other innovations, excise the Communists' leading role. But he, more forthrightly than Mr Malinowski, accepts that 40 years of acquiescence taints his party's efforts to spruce itself up for pluralism.

The underlying problem both have is the total artificiality of their post-war existence. The Communists had at least a theory of rule: they exercised power hecause history had decreed it. But the Peasants and Democrats had neither history nor votes, only a desire, decent enough at one level, to moderate the excesses of a regime whose inevitability

tbrough with the parliamentary group and was simply released a week ago to the official news agency. It almost seemed as if Mr Walesa wanted to test reactions, rather than lay the first brick in a careful strategy. Prof Bronislaw Geremek, the Parliamentary leader, suggested that a Solidarity-led coalition could embrace reform Communists. This is policy regime whose inevitability they accepted.

That regime still, perhaps, has a friend in Moscow. On Friday night, Mr Vadim Perfilyev, deputy chief spokesman for the Soviet Foreign Ministry, issued Communists. This is policy being made on the hoof. The Walesa initiative has, of course, brought into play two parties whom everyone simply ignored as political footstools. I met, last week, the leaders of both the Peasant and the Democratic parties; even in 60-parties interviews it became clear a warning, broadcast on Polish a warning, proadcast on Polish television, that the Solidarity attempt to form a government was "unfavourable to the bal-ance of power in Europe." But what is this backed by? A mili-tary threat? Economic sancute interviews, it became clear why this had been so, but less clear if it could change.

Ultimately both are possible. But that would be the end of reform, not just for Poland, but for the Soviet Union. The lesson Poland currently teaches to itself and to the world, is that Communism is a total system. It exists as a monopoly over the economy, civil society and ideology; once these monopolies are hreached, it cannot exist in diluted form. If the slippery substance which is political power in Poland is to avoid capture by a new set of totalitarians, the inexperienced, paralysed or fearful democrats of Poland have a task ahead of them which they have not yet begun.

John Lloyd

At Home & Abroad

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